



# Evaluation of European Community Support to Private Sector Development in Third Countries

Final Report

Annex 5

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ADE s.a.  
Rue de Clairvaux, 40  
B-1348 Louvain-la-Neuve  
Belgium  
Tel.: +32 10 45 45 10  
Fax: +32 10 45 40 99  
E-mail: [ade@ade.be](mailto:ade@ade.be)  
Web: [www.ade.be](http://www.ade.be)



This report has been prepared by ADE  
at the request of the European Commission.

The views expressed are those of the  
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# Table of Contents

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## LIST OF ACRONYMS

<b>EXECUTIVE SUMMARY .....</b>	<b>I</b>
<b>1. INTRODUCTION .....</b>	<b>1</b>
1.1 MANDATE AND PURPOSE.....	1
1.2 RESULTS AND USERS .....	1
1.3 PHASES OF THE EVALUATION .....	1
1.4 STRUCTURE OF REPORT .....	2
<b>2. FINDINGS.....</b>	<b>3</b>
2.1 BRIEF SUMMARY OF EU DEVELOPMENT AND CO-OPERATION POLICY .....	3
2.2 THE COMMISSION'S STRATEGY FOR SUPPORT TO PSD.....	6
2.2.1 The international background to the evolution of the strategy.....	6
2.2.2 Reconstructing the rationale of Community support for PSD .....	7
2.2.3 PSD Thematic Network.....	10
2.3 IMPLEMENTATION OF COMMUNITY STRATEGY IN SUPPORT OF PSD .....	11
2.3.1 Looking for an inventory of EC interventions.....	11
2.3.2 A descriptive analysis based on the inventory .....	11
2.3.3 A closer look at a sample of 31 interventions.....	12
2.3.4 Five country cases confirmed the findings from the sample... ..	13
2.3.5 ...as also did the interviews at HQ and the survey of Delegations.....	13
<b>3. ANALYSIS .....</b>	<b>15</b>
3.1 RELEVANCE .....	15
3.2 EFFECTIVENESS.....	23
3.3 SUSTAINABILITY .....	31
3.4 EFFICIENCY .....	34
3.5 COHERENCE .....	36
3.6 COORDINATION.....	39
3.7 CROSSCUTTING ISSUES .....	42
<b>4. CONCLUSIONS.....</b>	<b>47</b>
4.1 OVERALL ASSESSMENT .....	47
4.2 CONCLUSIONS ON THE COMMUNITY'S PSD STRATEGY.....	49
4.3 CONCLUSIONS AT IMPLEMENTATION LEVEL .....	52
<b>5. RECOMMENDATIONS.....</b>	<b>61</b>
5.1 RECOMMENDATIONS ON THE COMMUNITY'S PSD STRATEGY .....	61
5.2 RECOMMENDATIONS AT IMPLEMENTATION LEVEL .....	64

## **ANNEXES**

ANNEX 1 – TERMS OF REFERENCE

ANNEX 2 – BIBLIOGRAPHY

ANNEX 3 – PERSONS CONTACTED AND / OR MET

ANNEX 4 – METHODOLOGICAL APPROACH

- 4.1 Introduction
- 4.2 The evaluation process
- 4.3 Intervention Logic of EC support to PSD
- 4.4 Evaluation Questions
- 4.5 Data collection methods
- 4.6 Templates of data collection tools

ANNEX 5 – INFORMATION BASIS

- 5.1 Introduction
- 5.2 List of EC funded interventions to support PSD
- 5.3 Descriptive analysis of EC PSD interventions
- 5.4 List of PSD projects analysed during the Desk Phase
- 5.5 Evaluation Question grids with information collected during the Desk Phase
- 5.6 Results from the Questionnaire sent to Delegations
- 5.7 Results from the complementary survey on the knowledge and use of the Thematic PSD Network
- 5.8 Brief description of three multilateral donors' strategies to PSD
- 5.9 PSD-specific indicators

ANNEX 6 – COUNTRY NOTE ZAMBIA

ANNEX 7 – COUNTRY NOTE JAMAICA

ANNEX 8 – COUNTRY NOTE MEXICO

ANNEX 9 – COUNTRY NOTE MOROCCO

ANNEX 10 – COUNTRY NOTE VIETNAM

**Note:**

The main report and each of the ten annexes are presented in separate files.

This file contains only the Annex 5 - Information Base



## **Annex 5**

### **Information Base**



## Table of Contents - Annex 5

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<b>1.</b>	<b>INTRODUCTION</b> .....	<b>1</b>
<b>2.</b>	<b>INVENTORY OF PSD PROJECTS</b> .....	<b>3</b>
2.1	DATA SOURCES AND TREATMENT.....	3
2.2	PROJECT LIST.....	8
2.2.1	ACP project list.....	10
2.2.2	Asia project list.....	23
2.2.3	CARDS project list.....	26
2.2.4	Latin America project list.....	27
2.2.5	MEDA project list.....	29
2.2.6	TACIS project list.....	32
<b>3.</b>	<b>DESCRIPTIVE ANALYSIS OF PSD PROJECTS</b> .....	<b>35</b>
3.1	ANALYSIS ACROSS REGIONS .....	35
3.2	ANALYSIS BY REGION.....	37
<b>4.</b>	<b>PROJECTS ANALYSED DURING DESK PHASE</b> .....	<b>57</b>
<b>5.</b>	<b>SYNTHESIS OF FINDINGS FROM DESK PHASE</b> .....	<b>77</b>
5.1	INTRODUCTION .....	77
5.2	RELEVANCE.....	77
5.3	EFFECTIVENESS .....	80
5.4	SUSTAINABILITY.....	99
5.5	EFFICIENCY .....	101
5.6	COHERENCE.....	103
5.7	CO-ORDINATION .....	104
5.8	CROSSCUTTING ISSUES.....	110
<b>6.</b>	<b>GENERAL SURVEY OF EC DELEGATIONS</b> .....	<b>117</b>
<b>7.</b>	<b>SURVEY ON THE THEMATIC NETWORK TO EC DELEGATIONS</b> .....	<b>133</b>
<b>8.</b>	<b>OTHER DONORS' PSD STRATEGIES</b> .....	<b>145</b>
8.1	WORLD BANK .....	145
8.2	INTER-AMERICAN DEVELOPMENT BANK.....	146
8.3	ASIAN DEVELOPMENT BANK.....	147
<b>9.</b>	<b>PSD-SPECIFIC INDICATORS</b> .....	<b>149</b>



# 1. Introduction

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This annex contains the information collected during both phases of the evaluation. It is complemented by Annexes 6 to 10 containing Country Notes with information specific to each of the five countries visited.

Section 2 of this Annex presents an inventory of the EC PSD interventions. The Section also includes data sources and the methods used to process the data collected.

Section 3 presents a short descriptive analysis of EC interventions in PSD sector across all the regions covered by this evaluation. The analysis focuses on the distribution of planned interventions according to beneficiary region, country, type of activity, source of financing and starting date.

Section 4 contains the list and a description of PSD projects, classified per country, that were analysed during Phase I. Information includes project name and acronym, budget, starting date, objectives (overall and specific) as well as complementary information.

Section 5 presents a synthesis of the findings from Phase I, classified per theme.

Section 6 presents the results from the questionnaire survey conducted by the evaluation team in the Desk Phase sent to third country Delegations. The questionnaire survey was meant to complete the desk analysis and to test hypotheses relating to the design and implementation of the Commission's PSD policy by reference to specific examples.

Section 7 contains the results (in a slide presentation) of a complementary survey during the second phase of the evaluation. This survey aimed at collecting information on "the knowledge, use and need of the PSD Thematic Network by Delegations".

Section 8 presents a description of the PSD strategies of three major multilateral organizations: the World Bank, the Inter-American Development Bank and the Asian Development Bank.

Finally, Section 9 presents PSD indicators developed by various Donor committees with the aim of arriving at common indicators for assessing performance of PSD programmes according to key criteria.



## 2. Inventory of PSD projects

### 2.1 Data Sources and Treatment

The Common RELEX Information System (CRIS) represents the main source of information for the identification of the European Commission's programmes and projects worldwide. For each intervention entry, it provides on-line information about technical, financial and accounting progress. The evaluators used this source of information to compile a comprehensive "project list" providing an overview on the EC's interventions in the field of Private Sector Development in third countries from 1994 to 2003.

Following the restructuring of the Commission Services, data from different services are being harmonised in a single platform. As this process has not yet been completed, CRIS currently includes two databases: the so-called CRIS Saisie and CRIS Consultation databases. CRIS Consultation was created as a consultation platform regrouping three different databases to be used during the transition period. At the time of the Desk Phase, CRIS Saisie did not yet contain the interventions financed by the EDF. Therefore, the evaluation team used both sources to establish the project list.

The compilation of the project list was structured into three steps:

- 1) data collection - from both CRIS Saisie and CRIS Consultation;
- 2) data "clearing"; and
- 3) comparison and completion of the projects list with the lists of interventions provided by several EuropeAid Units in charge of PSD in the different regions.

#### 2.1.1 Step One: Data Collection

Since "Private Sector Development" is not a sector by itself, the evaluation team selected those sectors or sub-sectors which were more likely to include private sector development-related projects. Table 1 shows the list of selected sectors and sub-sectors:

**Table 1**

DAC Code (Sectors)	CRS Code (sub sectors)	Description
<b>11300</b>		<b>SECONDARY EDUCATION</b>
	11330	Vocational Training
<b>11400</b>		<b>POST SECONDARY EDUCATION</b>
	11420	Higher Education
	11430	Advanced technical and managerial training
<b>15000</b>		<b>GOVERNMENT AND CIVIL SOCIETY</b>
	15010	Economic and development policy

DAC Code (Sectors)	CRS Code (sub sectors)	Description
	15020	Public sector financial management
	15030	Legal and judicial development
	15050	Strengthening civil society
	15064	Demobilisation
<b>16000</b>		<b>EMPLOYMENT</b>
	16110	Employment policy and administrative management
<b>24000</b>		<b>BANKING AND FINANCIAL SERVICES</b>
	24030	Formal sector financial intermediaries
	24040	Informal/semi-formal financial intermediaries
<b>25000</b>		<b>BUSINESS AND OTHER SERVICES</b>
	25010	Business Services
	25020	Privatisation
<b>31100</b>		<b>AGRICULTURE</b>
	31165	Agricultural alternative development
<b>32100</b>		<b>INDUSTRY</b>
	32110	Industrial policy and administrative management
	32120	Industrial development
	32130	SME Development
	32140	Cottage industry and handicraft
	32161	Agro industries
	32162	Forest Industries
	32163	Textiles, leather and substitutes
	32164	Chemicals
	32165	Fertiliser plants
	32166	Cement/lime/plaster
	32167	Energy manufacturing
	32168	Pharmaceutical production
	32169	Basic metal industries
	32170	Non-ferrous metal industries
	32171	Engineering
	32172	Transport equipment industry
	32181	Technological research and development
<b>33100</b>		<b>TRADE</b>
	33110	Trade policy and administrative management
	33120	Wholesale/retail trade
	33130	Export promotion
<b>33200</b>		<b>TOURISM</b>

DAC Code (Sectors)	CRS Code (sub sectors)	Description
	33210	Tourism policy and administrative management
<b>43000</b>		OTHER MULTI-SECTOR
	43050	Non-agricultural alternative development

Additionally, the following sectors were used to retrieve data from CRIS Consultation:

Code	Description
25011	Services d'appui
50000	Développement de l'industrie du bâtiment
A2	Support to Private Sector & Assistance in Economic Dev.
PR	Private sector, Restructuring, Privatisation, SMEs
SE	Support for Enterprises

For each intervention classified under the selected sectors, the following information was retrieved:

CRIS Consultation	CRIS Saisie
Country	Beneficiary geographical zone
Project number	Project No (1)
Project number 2	Project Title
Project title	Amount
Planned	Contracted
Contracts	Paid
Paid	Source of financing
Source of financing	DAC Code Number
DAC Code Number	Name of the person in charge
	Breakdown number

### 2.1.2 Step Two: Data Clearing

The data collected from both the CRIS Saisie and the CRIS Consultation were merged into one Excel table. The merged list contained several duplications of the same items for the following reasons:

- projects were sometimes classified under different sectors and/or financing sources (national/regional) and therefore repeated;
- different phases of one project's financing procedures (such as PMS, DAG, PACA, EDF, etc) are recorded in the CRIS databases<sup>1</sup>;
- some projects were registered in both CRIS Saisie and CRIS Consultation.

<sup>1</sup> PMS or Proposition de Mobilisation de Service ; DAG or Decision on Global Autorisation ; and PACA or Proposition d'Affectation de Crédit Accélérée.

The complete list, i.e. including duplicated and other anomalies, included 4,155 intervention lines. In order to “clear” the list, the following steps were undertaken:

- identification and removal of the duplicates of the same project/programme;
- identification and removal of items which referred to different phases of the same project’s financing procedures;
- removal of those projects which had a zero planned budget;
- identification and removal of those projects that fell outside the scope of the current evaluation for “geographical” reasons (i.e. all the projects in the “accession countries” and all the Overseas Countries and Territories);
- identification and removal of those projects/programmes that fell outside the scope of the evaluation by their nature (national or regional programmes; structural adjustment programmes; total budgets for funding instruments; etc).

Examples:

- T.A. to NAO (various projects in ACP).
- 8 ACP TPS 108 – PROINVEST (€ 110,000,000).
- CARDS/2003/004-817(EC) - 2003 Action Programme for Serbia (€220,000,000).

Then the following two steps were taken:

- Small interventions with a planned budget inferior to € 200.000,00 were removed from the list. It appears indeed that expenditures under that threshold are mostly project preparation studies or other studies, and evaluations, but not projects.
- EIB managed-interventions and funding instruments such as CDE, EBAS or AL-Invest, for example, were identified and will be analysed separately.

For cases that were not clear (i.e. projects that had the same name, country, etc. but had different planned budgets; cases where minor mistakes were identified; cases in which the country or region was not well identified from the code used), the evaluators agreed on:

- deleting duplicates when the planned budgets did not differ too much (less than the double); and
- correcting mistakes when possible and asking the members of the Reference Group for clarification in the other cases.

Draft lists of programmes and projects distributed by region (ACP, MEDA, TACIS, CARDS, Asia and Latin America) were presented to the Members of the Reference Group. This first round of consultation allowed the evaluators to include in the list some projects and programmes that had not been found in the databases.

At the conclusion of this process the list consisted of 380 interventions. Each one was then associated with one of the types of activity identified in the Intervention Logic. This allowed both adjustment of the Intervention Logic and analysis of the nature of EC interventions supporting private sector development. This analysis is presented in the following pages together with the list of interventions by region.

The possibility of creating a reliable and accurate “project list” including all EC interventions in the field of private sector development between 1994 and 2003 was limited by the quality of data contained in the databases. The following difficulties were encountered in the data collection and treatment phases:

- Past activities were not always registered.
- In the past, it was not obligatory to assign each intervention to a sector, as is the case now.
- The recorded data are not always reliable – especially in terms of budgets planned, allocated and paid. Mistakes can be identified only by comparing the data collected with the data provided by task managers, regional desks etc.
- Some projects seem to appear several times in the lists, sometimes with different allocations, titles and numbers.
- Project titles do not always provide enough information on the type of intervention.

### **2.1.3 Step Three: Completion of the CRIS project list with the lists provided by EuropeAid Units**

Following the presentation of the draft Inception Note to the Reference Group (15 December 2003), the Units in charge of PSD in the different regions were requested by the Evaluation Unit to revise the list of interventions presented and, if necessary, to provide the evaluation team with an amended list of projects. This way of proceeding allowed increasing the reliability of the data on which the evaluation is based.

The evaluation team received project lists from three different EuropeAid Units: C3 (ACP), D3 (Asia) and E3 (Latin America). The ACP list was mostly composed of ongoing projects; the evaluators examined the list and added the projects that were not mentioned in their initial CRIS-based list. To keep past interventions, no project title from the CRIS database was deleted. Furthermore, pending or suspended projects as well as small interventions (<200,000.00 €) were not taken into account. As for the new Latin America list, it was only composed of new projects (recently approved or propositions of interventions to be approved in 2004). These interventions fall outside the evaluation period and therefore have not been included in the list.

For the Asia project list, a close collaboration with Unit D3 was established, in order to ensure that the information used was correct and complete.

It is worth to note that EuropeAid Unit D3 (MEDA) also provided a complete list of interventions before the drafting of the report; therefore the MEDA project list was already complete from the beginning and no change has been made in the final version of the list presented in this annex.

Some of the projects added were in sectors not initially considered by the team. These are:

Code	Description
240	Financial sector reform budget support
11110	Education policy and administrative management
11330	Formation professionnelle
21050	Air transport
22030	Radio/television/print media
23010	Energy policy and administrative management
25011	Services d'appui
31050	Air transport
41010	Environmental and administrative management
43010	Multisector aid
50000	General Programme Assistance

## 2.2 Project list

This section presents the list of the 380 relevant EC projects extracted from the CRIS databases (see section 1 above).

The projects have been gathered by region. Each regional table provides for each project:

- Country name\*.
- Date (year)\*<sup>2</sup>.
- Project number.
- Project title.
- Type of activity\*<sup>3</sup>.
- Planned budget (in million €).
- Source of financing.
- DAC code or sector.

The basic data come directly from the CRIS databases but some specific columns were added by the evaluators in order to carry out the analysis presented above (Para. 2 and 3). For transparency on the origin of the information, the columns that were added are marked in the tables by an asterisk (\*).

Sources of financing used to fund these project are the following:

<sup>2</sup> Starting date has been deduced from the project number when possible.

<sup>3</sup> Type of activity was deduced from the project title.

Source of financing	Description
B73000	Financial & technical cooperation with Asian countries
B73010	Political, economic & cultural cooperation with Asian countries
B7310	Financial & technical cooperation with LA countries
B73100B	Financial & technical cooperation with LA countries
B7311	Political, economic & cultural cooperation with LA countries
B73110	Political, economic & cultural cooperation with LA countries
B73110B	Political, economic & cultural cooperation with LA developing countries
B73110B00	Political, economic & cultural cooperation with LA countries
B73200	European programme for reconstruction & development (EPRD)
B73200A00	European programme for reconstruction & development (EPRD)
B74051	Protocols
B74100	MEDA
B74100A	MEDA - expenditure on administrative management
B74101	MEDA
B74200	Community operations connected with the Israel/PO Peace agreement
B75020	Cooperation with Eastern Europe, Central Asia & the Western Balkans
B75200	Assistance to partner countries in eastern Europe & central Asia
B75200B00	Assistance to partner countries in eastern Europe & central Asia
B75210B00	Cross border cooperation in structural matters
B75410B00	Assistance for the countries of the western Balkans
B78700	Promotion of commercial relations
EDF 06	6th European Development Fund
EDF 07	7th European Development Fund
EDF 08	8th European Development Fund
EDF 09	9th European Development Fund

## 2.2.1 ACP project list

Country name *	Year*	Project number	Project title	Activity Type *	Planned (million €)	Source of financing	DAC code or sector
Angola		7 ACP ANG 44	Return & reintegration qualified African nationals – Ph III	Micro/SMEs	0.50	EDF 07	11420
Antigua & Barbuda		FED/AB/07001/000	Upgrading and expansion of Antigua Hotel Training Centre	Institutional & structural reforms (direct)	2.20	EDF 07	33210
Benin		8 ACP BEN 21	Programme d'Appui régional l'intégration (PARI)-Phase II - volet secteur privé	Institutional & structural reforms (direct)	1.50	EDF 08	15010
Benin		FED/BEN/07023/000	Appui au secteur privé	Institutional & structural reforms (direct)	5.50	EDF 08	25010
Benin		8 ACP BEN 15	Appui régional à l'intégration (PARI) - UEMOA Phase II	Institutional & structural reforms (indirect)	1.50	EDF 08	15010
Botswana		7 ACP BT 49	Vocational training programme (6/47+7/48+7/49).	Human Resources	0.66	EDF 07	11330
Botswana		6 ACP BT 47	Vocational training programme (6/47+7/48+7/49).	Human Resources	1.69	EDF 06	11330
Botswana		7 ACP BT 48	Vocational training programme (6/47+7/48+7/49).	Human Resources	12.65	EDF 07	11330
Botswana		8 ACP BT 3	Francistown CTVE/VTC vocational training programme	Human Resources	15.00	EDF 08	11430
Botswana		7 ACP BT 54	Botswana trade development programme (Foundation Phase)	Institutional & structural reforms (direct)	0.27	EDF 07	33110
Botswana		7 ACP BT 46	Botswana tourism development programme (+6BT44)	Institutional & structural reforms (direct)	1.16	EDF 07	33210
Burkina Faso		8 ACP BK 27	Programme d'appui régional à l'intégration (PARI) - Phase II - volet secteur privé	Institutional & structural reforms (direct)	1.50	EDF 08	15010
Burkina Faso		8 ACP BK 22	Appui régional à l'intégration (PARI) - UEMOA Phase II	Institutional & structural reforms (indirect)	1.50	EDF 08	15010
Burkina Faso		7 ACP BK 151	Appui au développement du secteur privé: Programme de renforcement des capacités des entreprises	Upgrading local firms	6.00	EDF 07	25010
Cape Verde		7 ACP CV 17	Appui au démarrage de l'école technique de PRAIA	Human Resources	0.93	EDF 07	11430
Cape Verde		7 ACP CV 15	Viabilisation d'une zone à usage industriel à PRAIA.	Intermediary org.	1.15	EDF 07	32120
Cape Verde		7 ACP CV 14	Return & reintegration qualified African nationals – Ph III	Micro/SMEs	0.30	EDF 07	11420
Central Africa Rep.		6 ACP CA 48	Elaboration document PST II (1997-2000)		0.23	EDF 06	15010
Chad		8 ACP CD 29	Chad - Cameroon oil export system (8 cm 30)_(20996-20998)	Institutional & structural reforms (direct)	20.30	EDF 08	33110

Country name *	Year*	Project number	Project title	Activity Type *	Planned (million €)	Source of financing	DAC code or sector
Chad		8 ACP CD 022-025	Appui budgétaire pour la réduction de la pauvreté 6417/CD	Institutional & structural reforms (indirect)	37.10	EDF 08	
Comoros		7 ACP COM 25	Appui mise en place centre national artisanat Comorien	Institutional & structural reforms (direct)	0.28	EDF 07	32140
Comoros		7 ACP COM 011	Promotion et développement des petites entreprises	Micro/SMEs	1.30	EDF 07	
Cuba		CUB/RELEX/2001/0084	Programme DEADE		1.94		
Cuba		CUB/B7-311/98/096	Appui à la Réforme Bancaire	Finance / banking	0.61		
Cuba		CUB-AIDCO/2002/0584	Programme de perfectionnement de l'administration financière. et de la pratique comptable	Finance / banking	3.45		
Cuba	2002	2002/0534	Cuba 2002 - Assistance technique en relation avec les projets et programmes CE/Cuba	Restructuring / privatisation	0.25	B73110B00	25020
Cuba		CUB-AIDCO/2001/0279	Programme d'appui au secteur des entreprises et promotion des invest. à Cuba	Trade / Investment	2.80		
Dominican Rep		8 ACP DO 19	Development of technical and professional education in Dominican Republic	Human Resources	13.25	EDF 08	11330
Dominican Rep		7 ACP DOM 12	Eco-tourism site development	Institutional & structural reforms (direct)	0.52	EDF 07	33210
Dominican Rep		7 ACP DO 32	Programme d'appui au secteur privé	Institutional & structural reforms (direct)	4.20	EDF 07	32120
Dominican Rep		8 ACP DOM 10	Dominica Eco-tourism development programme ETDP	Institutional & structural reforms (direct)	5.99	EDF 08	33210
Dominican Rep		7 ACP DO 52	IMM. support for nat. prog. for state reform & modernisation	Institutional & structural reforms (indirect)	2.21	EDF 07	15010
Dominican Rep		8 ACP DO 22	Programme d'appui aux petites entreprises	Micro/SMEs	9.80	EDF 08	32120
Dutch Indies		7 PTN NEA 047	Small enterprises stimulation programme	Micro/SMEs	7.40	EDF 07	
Dutch Indies			Dutch Caribbean promotion in Europe	Partnership	0.30		
Dutch Indies		7 PTN NEA 012	Business Development Scheme II	Upgrading local firms	4.00	EDF 07	
Eritrea		8 ACP ERY 10	Emergency demobilisation and reintegration support program	Micro/SMEs	2.25	EDF 08	15064
Eritrea		7 ACP ERY 27	Emergency demobilisation and reintegration support program	Micro/SMEs	4.75	EDF 07	15064

EVALUATION OF EC SUPPORT TO PRIVATE SECTOR DEVELOPMENT  
IN THIRD COUNTRIES

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Country name *	Year*	Project number	Project title	Activity Type *	Planned (million €)	Source of financing	DAC code or sector
Ethiopia		7 ACP ET 82	Strengthening national training & research capacity economics	Human Resources	1.05	EDF 07	11420
Ethiopia		7 ACP ET 49	Return & reintegration qualified African nationals - Ph III	Micro/SMEs	0.38	EDF 07	11420
Ethiopia		7 ACP ET 107	Micro and small enterprise development programme (MSEDP)	Micro/SMEs	7.00	EDF 07	24030
Fiji		8 ACP FIJ 8	Novotel Denarau	Institutional & structural reforms (direct)	5.00	EDF 08	33210
Gambia		8 ACP GM 09	Structural Adjustment Support Program 6281/GM	Institutional & structural reforms (direct)	9.20	EDF 08	
Gambia		8 ACP GM 017-018	Poverty Reduction Budget Support Programme 6505/GM	Institutional & structural reforms (indirect)	4.26	EDF 08	
Ghana		7 ACP GH 54	Woodworking sector development programme	Institutional & structural reforms (direct)	3.85	EDF 07	32162
Ghana		8 ACP GH 11	Gratis 3 (g. regional approp technol ind serv. Phase III)	Know how / technology	4.35	EDF 08	25020
Ghana		7 ACP GH 22	Return & reintegration qualified African nationals Phase III	Micro/SMEs	0.32	EDF 07	11420
Ghana		7 ACP GH 6	TA to the woodworking sector in Ghana (extension of 6.GH.18)	Upgrading local firms	0.32	EDF 07	32162
Guinea		8 ACP GUI 043-044	Projet d'Appui Budgétaire pour la Réduction de la pauvreté 6504/GUI	Institutional & structural reforms (indirect)	11.40		
Guinea Bissau		7 ACP GUB 39	Programme d'appui a la formation professionnelle technique	Human Resources	0.96	EDF 07	11330
Guinea Bissau		8 ACP GUB 17	Programme d'appui régional à l'intégration (PARI)-Phase II - volet secteur privé	Institutional & structural reforms (direct)	1.50	EDF 08	15010
Guinea Bissau		8 ACP GUB 019-023	Programme d'appui aux réformes économiques 6345 GUB	Institutional & structural reforms (direct)	17.20	EDF 08	
Guinea Bissau		8 ACP GUB 9	Appui régional à l'intégration (PARI) - UEMOA Phase 2	Institutional & structural reforms (indirect)	1.50	EDF 08	15010
Guinea Bissau		7 ACP GUB 24	Return & reintegration qualified African nationals Phase III	Micro/SMEs	0.40	EDF 07	11420
Guinea Bissau		8 ACP GUB 38	Support to the reintegration of ex-combatants in rural areas	Micro/SMEs	3.00	EDF 08	15064
Guyana		8 ACP GUA 8	Guyana training agency	Human Resources	1.80	EDF 08	11330
Guyana		7 ACP GUA 16	Development small business credit initiative (+6/17&6/21).	Micro/SMEs	0.57	EDF 07	32120

EVALUATION OF EC SUPPORT TO PRIVATE SECTOR DEVELOPMENT  
IN THIRD COUNTRIES

ADE

Country name *	Year*	Project number	Project title	Activity Type *	Planned (million €)	Source of financing	DAC code or sector
Guyana		8 ACP GUA 9	Linden economic advancement programme	Micro/SMEs	12.50	EDF 08	32130
Haiti		FED/HA/07022/000	Appui au secteur privé	Institutional & structural reforms (direct)	7.40	EDF 08	33110
Ivory Coast		8 ACP IVC 12	Programme d'appui régional l'intégration (PARI)-Phase II - volet secteur privé	Institutional & structural reforms (direct)	1.50	EDF 08	15010
Ivory Coast		8 ACP IVC 8	Appui régional a l'intégration (PARI) - UEMOA Phase 2	Institutional & structural reforms (indirect)	1.50	EDF 08	15010
Ivory Coast		7 ACP IVC 83	Ivoirienne de Manufactures	Intermediary org.	0.68	EDF 07	32120
Ivory Coast		6 ACP IVC 55	Marché du gros à Bouaké (7IVC48)	Micro/SMEs	2.40	EDF 06	33120
Jamaica		8 ACP JM 4	Trade development programme	Institutional & structural reforms (direct)	6.00	EDF 08	33110
Jamaica		7 ACP JM 2	Return and reintegration of qualified nationals for develop	Micro/SMEs	1.00	EDF 07	16110
Jamaica		FED/JM/05020/001	Small and micro enterprise credit scheme, 2nd programme	Micro/SMEs	4.00	EDF 08	16110
Kenya		7 ACP KE 89	Technical education support programme	Human Resources	5.00	EDF 07	11330
Kenya		7 ACP KE 84	Establishing sustainable tourism development base in Kenya	Institutional & structural reforms (direct)	1.24	EDF 07	33210
Kenya		7 ACP KE 81	Trade Development Programme	Institutional & structural reforms (direct)	3.13	EDF 07	33130
Kenya		7 ACP KE 94	Global private enterprises III	Institutional & structural reforms (direct)	3.66	EDF 07	32120
Kenya		8 ACP KE 18	Tourism diversification & sustainable development programme	Institutional & structural reforms (direct)	12.00	EDF 08	33210
Kenya		7 ACP KE 80	Support towards estab. core funct. & progs. within Kippira	Intermediary org.	1.99	EDF 07	15010
Kenya		7 ACP KE 45	Return & reintegration qualified African nationals Phase III	Micro/SMEs	0.77	EDF 07	11420
Kenya		7 ACP KE 91	Micro-enterprises support programme (6KE60+7KE90+7KE91)	Micro/SMEs	1.36	EDF 07	25010
Kenya		6 ACP KE 60	Micro-enterprises support programme. (6KE60+7KE90+7KE91)	Micro/SMEs	2.38	EDF 06	25010
Kenya		7 ACP KE 90	Micro-enterprises support programme. (6KE60+7KE90+7KE91)	Micro/SMEs	7.25	EDF 07	25010
Kenya		7 ACP KE 85	Support services programme	Upgrading local firms	1.45	EDF 07	15010

Country name *	Year*	Project number	Project title	Activity Type *	Planned (million €)	Source of financing	DAC code or sector
Kenya		8 ACP KE 12	Support services programme Phase 2	Upgrading local firms	1.93	EDF 08	15010
Kiribati		8 ACP KI 7	Kiribati training programme II	Human Resources	6.40	EDF 08	11330
Lesotho		7 ACP LSO 22	Asparagus expansion programme - transitional phase	Micro/SMEs	0.53	EDF 07	32161
Madagascar		7 ACP MAG 108	Madagascar PG UCB FF/3 AG Lomé IV		0.55	EDF 07	32120
Madagascar		7 ACP MAG 107	MAG PG BMOI 4E AFF/2E AG (10MEC) Lomé IV		0.62	EDF 07	32120
Madagascar		7 ACP MAG 84	Projet formation décentralisée opérateurs touristiques +6/88	Human Resources	0.33	EDF 07	33210
Madagascar		6 ACP MAG 88	Projet formation décentralisée opérateurs touristiques +7/84	Human Resources	0.98	EDF 06	33210
Madagascar		7 ACP MAG 38	Action mise en confiance/assises inter. tourisme Malagache	Intermediary org.	0.71	EDF 07	33210
Madagascar		6 ACP MAG 86	Prog. Appui Maison Tourisme & Entreprise Touristique (PAMT).	Intermediary org.	0.93	EDF 06	33210
Madagascar		8 ACP MAG 35	Projet d'appui aux microfinances rurales	Micro/SMEs	1.98	EDF 08	24040
Madagascar		7 ACP MAG 21	Programme développement de l'artisanat	Micro/SMEs	3.00	EDF 07	
Madagascar		6 ACP MAG 103	Participation manifestation printemps Paris (avril-mai 97)	Partnership	0.22	EDF 06	33130
Madagascar		7 ACP MAG 81	Programme de promotion commerciale et touristique	Trade / Investment	0.63	EDF 07	33110
Madagascar		7 ACP MAG 58	Aqualma II. Project	Trade / Investment	3.50	EDF 07	32120
Madagascar		8 ACP MAG 48	Cotona III ( <i>Société Cotonnière d'Antsirabe, une des 6 grandes unités textiles</i> )	Trade / Investment	10.00	EDF 08	32163
Malawi		7 ACP MAI 116	Institutional support to the private sector in Malawi	Institutional & structural reforms (direct)	1.92	EDF 07	25020
Malawi		8 ACP MAI 31	Blantyre hotels	Institutional & structural reforms (direct)	4.00	EDF 08	33210
Mali		7 ACP MLI 93	Appui au crédit initiative S.A.	Finance / banking	4.13	EDF 07	24040
Mali		8 ACP MLI 17	Programme d'appui régional a l'intégration (PARI)-phase II - volet secteur privé	Institutional & structural reforms (direct)	1.50	EDF 08	15010
Mali		8 ACP MLI 15	Appui régional a l'intégration (PARI) - UEMOA Phase 2	Institutional & structural reforms (indirect)	1.50	EDF 08	15010
Mauritania		8 ACP MAU 47	Grands moulins de Mauritanie projet	Trade / Investment	4.00	EDF 08	32161
Mauritius		6 ACP MAS 39	Appui à "l'industrial & vocational training board" (IVTB).	Human Resources	1.98	EDF 06	11330

Country name *	Year*	Project number	Project title	Activity Type *	Planned (million €)	Source of financing	DAC code or sector
Mauritius		8 ACP MAS 7	Tourism development plan for Rodrigues and Mauritius	Institutional & structural reforms (direct)	0.65	EDF 08	33210
Mauritius		8 ACP MAS 6	Support to the clothing technology centre	Know how / technology	1.37	EDF 08	32163
Mauritius		7 ACP MAS 48	Technology development in private firms	Know how / technology	0.00	EDF 07	
Mauritius		7 ACP MAS 51	Mahebourg market reconstruction	Micro/SMEs	1.85	EDF 07	33120
Mauritius		8 ACP MAS 10	Appui aux petites et moyennes entreprises	Micro/SMEs	7.00	EDF 08	25010
Mozambique		7 ACP MOZ 79	Support to the development environmentally friendly tourism sector	Institutional & structural reforms (direct)	1.29	EDF 07	33210
Mozambique		8 ACP MOZ 14	EU-Mozambique private sector development prog.	Institutional & structural reforms (direct)	4.80	EDF 08	25010
Mozambique		8 ACP MOZ 37	Accord Amorim hotels	Institutional & structural reforms (direct)	5.00	EDF 08	33210
Mozambique		7 ACP MOZ 50	Return & reintegration qualified African nationals Phase III	Micro/SMEs	0.40	EDF 07	11420
Namibia		7 ACP NAM 47	Okapuka II 14Aff/1e Auth glob Lomé IV		0.92	EDF 07	32120
Namibia		7 ACP NAM 34	Namibia tourism development programme (+ 8NAM001/Dev. Phase)	Institutional & structural reforms (direct)	1.82	EDF 07	33210
Namibia		8 ACP NAM 9	Trade & investment development programme (TIDP)	Institutional & structural reforms (direct)	3.60	EDF 08	25020
Namibia		8 ACP NAM 1	Namibia tourism development programme/dev. phase (+NAM034)	Institutional & structural reforms (direct)	7.20	EDF 08	33210
Niger		7 ACP NIR 50	Programme de formation professionnelle & technique (NIGETECH)	Human Resources	3.15	EDF 07	11330
Niger		8 ACP NIR 11	NIGETECH 2	Human Resources	7.00	EDF 08	11330
Niger		8 ACP NIR 25	Programme d'appui régional à l'intégration (PARI) - Phase II - volet secteur privé	Institutional & structural reforms (direct)	1.50	EDF 08	15010
Niger		7 ACP NIR 4	Appui au développement du secteur privé au Niger	Institutional & structural reforms (direct)	12.00	EDF 07	
Niger		8 ACP NIR 12	Appui régional à l'intégration (PARI) - UEMOA Phase 2	Institutional & structural reforms (indirect)	1.50	EDF 08	15010
Niger		7 ACP NIR 73	Financement de l'AT du projet "PROFORMAR"	Micro/SMEs	0.66	EDF 07	32140
Niger		8 ACP NIR 38	Suivi des petites et moyennes entreprises	Micro/SMEs	1.00	EDF 08	

EVALUATION OF EC SUPPORT TO PRIVATE SECTOR DEVELOPMENT  
IN THIRD COUNTRIES

ADE

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Niger		7 ACP NIR 113	PROFORMAR II	Micro/SMEs	1.85	EDF 07	11330
Niger		8 ACP NIR 56	SYRENE: Systèmes Ruraux et micro-entreprise d'artisanat utilitaire	Micro/SMEs	1.96	EDF 08	32140
Nigeria		7 ACP UNI 52	Economic Management Capacity Project (EMCAP)	Institutional & structural reforms (direct)	12.00	EDF 07	15010
REG - Afrique Australe		8 ACP RAU 04	SADC EU Mining Forum	Partnership	1.95	EDF 08	
REG - Afrique Australe		8 ACP RAU 10	EU-SADC Investment promotion programme	Trade / Investment	16.33	EDF 08	25010
REG - Caribbean		8 ACP RCA 44	Caribbean financial services corporation (CFSC)	Finance / banking	8.00	EDF 08	24030
REG - Caribbean		8 ACP RCA 24	Dvlmpt vocational tertiary education & training in Caribbean Region-Univ. of technology JM	Human Resources	2.60	EDF 08	11430
REG - Caribbean		8 ACP RCA 35	Caribbean regional tourism sector development programme	Institutional & structural reforms (direct)	8.00	EDF 08	33210
REG - Caribbean		8 ACP RCA 4	Caribbean regional trade development programme (CRTDP)	Institutional & structural reforms (direct)	11.20	EDF 08	33130
REG - Caribbean		FED/REG/07601/001	Regional tourism sector programme	Institutional & structural reforms (direct)	12.80	EDF 07	33210
REG - Caribbean		8 ACP TPS 125	Integrated Programme for the Caribbean Rum Industry	Institutional & structural reforms (direct)	70.00	EDF 08	
REG - Caribbean		7 ACP RPR 762	OECS export capability enhancement programme	Trade / Investment	1.20	EDF 07	
REG - Central Africa		8 ACP RCE 16	Appui à la CEMAC - Phase préparatoire - Communauté Économique et Monétaire de l'Afrique Centrale (CEMAC)	Institutional & structural reforms (indirect)	1.97	EDF 08	15010
REG - Eastern Africa		8 ACP ROR 26	COMESA regional competition policy	Institutional & structural reforms (direct)	0.75	EDF 08	33110
REG - GPR		8 ACP GPR 18	African lion mining fund	Finance / banking	8.00	EDF 08	24030
REG - Indian Ocean			Développement tourisme pays Commission Océan Indien	Institutional & structural reforms (direct)	6.39		
REG - Indian Ocean			Programme régional développement échanges pays Océan Indien	Partnership	12.46		
REG - Pacific		8 ACP RPA 11	Transitional technical assistance EU-SPTO programme for development sector of the pacific region (South Pacific Tourism Organisation)	Intermediary org.	0.60	EDF 08	33210
REG - Western Africa		8 ACP ROC 43	Programme d'appui à la BOAD	Finance / banking	1.99	EDF 08	15020

Country name *	Year*	Project number	Project title	Activity Type *	Planned (million €)	Source of financing	DAC code or sector
REG - Western Africa		8 ACP ROC 31	Programme d'appui régional à l'intégration (PARI) - Phase II - volet secteur privé	Institutional & structural reforms (direct)	3.00	EDF 08	15010
REG - Western Africa		8 ACP ROC 30	Programme d'appui à l'OHADA (Organisation pour l'harmonisation du Droit des Affaires en Afrique)	Institutional & structural reforms (indirect)	4.00	EDF 08	15030
REG - Western Africa		8 ACP ROC 21	Appui régional à l'intégration (PARI) - UEMOA Phase 2	Institutional & structural reforms (indirect)	53.00	EDF 08	15010
REG - Western Africa		8 ACP ROC 7	2ème Foire commerciale de la CEDEAO	Partnership	0.95	EDF 08	33110
REG - Western Africa		8 ACP ROC 18	AGRO-IND 2000: Forum Agro-industriel UE - Afrique de l'Ouest	Partnership	1.90	EDF 08	33130
Regional		7 ACP RPR 639	CAURIS II ( ) 5E AFF/2E AG Lomé IV (10 MECU)		0.38	EDF 07	32120
Regional		8 ACP TPS 119	Commod Price Risk Management	Finance / banking	1.78	EDF 08	
Regional		REG 8 7002 005	Trust Fund Public Expenditure and Financial Accountability	Finance / banking	1.90	EDF 08	
Regional		8 ACP TPS 117	Support for masters programme in banking and finance in Africa	Human Resources	0.35	EDF 08	24040
Regional		7 ACP RPR 611	Feasibility study SADC intra-Regional skills development programme	Human Resources	0.55	EDF 07	15010
Regional		7 ACP RPR 575	Grain marketing training programme	Human Resources	1.99	EDF 07	33110
Regional		8 ACP TPS 41	Collaborative MA prog in econ. for Anglophone Africa Phase 2	Human Resources	2.00	EDF 08	11420
Regional		7 ACP RPR 568	Support collaborative masters progr. Economics (EX-7RPR383).	Human Resources	2.40	EDF 07	11420
Regional		7 ACP RPR 755	Collaborative MA prog in econ. for Anglophone Africa Phase 2	Human Resources	3.73	EDF 07	11420
Regional		7 ACP RPR 580	OECS human resources development tertiary level programme	Human Resources	5.95	EDF 07	15010
Regional		6 ACP RPR 553	Stratégie & prg de développement du commerce intégré	Institutional & structural reforms (direct)	0.33	EDF 06	33110
Regional		7 ACP RPR 762	OECS export capability enhancement programme	Institutional & structural reforms (direct)	1.18	EDF 07	33130
Regional		7 ACP RPR 785	Caribbean regional trade development programme augmentation de plafond Projet 8 ACP RCA 4	Institutional & structural reforms (direct)	1.47	EDF 07	33130

Country name *	Year*	Project number	Project title	Activity Type *	Planned (million €)	Source of financing	DAC code or sector
Regional		7 ACP RPR 615	Support for implementation of the CBI	Institutional & structural reforms (direct)	1.50	EDF 07	15010
Regional		8 ACP TPS 154	Economic integration support programme to the BLNS - Phase I (Replaces 8 RAU 15)	Institutional & structural reforms (direct)	3.00	EDF 08	15010
Regional		7 ACP RPR 459	Programme régional développement échanges pays Océan Indien (PRIDE)	Institutional & structural reforms (direct)	7.62	EDF 07	32120
Regional		7 ACP RPR 335	ACP-EC trade development project	Institutional & structural reforms (direct)	8.40	EDF 07	33110
Regional		7 ACP RPR 753	Intégration des états ACP dans le système commercial mondial	Institutional & structural reforms (direct)	10.00	EDF 07	33110
Regional		7 ACP RPR 447	Caribbean regional trade sector programme	Institutional & structural reforms (direct)	12.53	EDF 07	33130
Regional		REG / 7106/007	Programme d'appui Régional à l'intégration (PARI)	Institutional & structural reforms (direct)	15.00		
Regional		8 ACP TPS 003	EU-ACP business assist scheme (EBAS) and DIAGNOS	Institutional & structural reforms (direct)	33.00	EDF 08	
Regional		8 ACP TPS 125	Integrated development programme for Caribbean rum industry	Institutional & structural reforms (direct)	70.00	EDF 08	32161
Regional		7 ACP RPR 445	SOLAS: Programming and testing. ( <i>Safety of Life at Sea</i> )	Institutional & structural reforms (indirect)	0.57	EDF 07	15010
Regional		8 ACP TPS 82	Programme d'appui a l'OHADA (Organisation pour l'Harmonisation du Droit des Affaires en Afrique)	Institutional & structural reforms (indirect)	2.00	EDF 08	15030
Regional		7 ACP RPR 361	Cariforum secretariat programme Unit	Institutional & structural reforms (indirect)	3.94	EDF 07	15010
Regional		7 ACP RPR 678	COLEACP support programme (February1998-January2000)	Intermediary org.	0.55	EDF 07	33110
Regional		6 ACP RPR 567	Programme appui au COLEACP	Intermediary org.	0.76	EDF 06	33110
Regional		6 ACP RPR 477	COLEACP 1997 Interim project	Intermediary org.	1.78	EDF 06	33110
Regional		8 ACP TPS 5	Programme appui au COLEACP	Intermediary org.	3.99	EDF 08	33110
Regional		7 ACP RPR 672	Technology development in private firms	Know how / technology	2.90	EDF 07	25010
Regional		8 ACP TPS 114	Programme Initiative Pesticides	Know how / technology	29.12	EDF 08	
Regional		7 ACP RPR 581	Appui marché bétail, viande en Afrique Ouest et Centre	Micro/SMEs	0.30	EDF 07	33120

Country name *	Year*	Project number	Project title	Activity Type *	Planned (million €)	Source of financing	DAC code or sector
Regional		7 ACP RPR 287	Return & reintegration qualified African nationals - Ph III	Micro/SMEs	6.98	EDF 07	11420
Regional		8 ACP TPS 152	Contribution to the multi-country demobilisation and reintegration program. Greater Great Lakes	Micro/SMEs	20.00	EDF 08	15064
Regional		8 ACP TPS 153	Emergency demobilisation and reintegration support program	Micro/SMEs	20.00	EDF 08	15064
Regional		7 ACP RPR 684	Séminaire "Exposition Universelle Lisbonne" (Juillet 1998)	Partnership	0.21	EDF 07	33210
Regional		6 ACP RPR 370	ID for organisation pluri-sectoral 1-ON-1 IND. & BUS. SADC	Partnership	0.22	EDF 06	25010
Regional		7 ACP RPR 450	Soutien a la biennale de Dakar	Partnership	0.31	EDF 07	33130
Regional		7 ACP RPR 551	Projet pilote d'accompagnement suivi forums industriel sect	Partnership	0.50	EDF 07	25010
Regional		7 ACP RPR 425	Foire commerciale de la CEDEAO	Partnership	0.66	EDF 07	33130
Regional		7 ACP RPR 496	Participation manifestation touristique en 1996 (+7REG29,30)	Partnership	0.88	EDF 07	33210
Regional		7 ACP RPR 438	Forum agro-industriel UE/Afrique de l'Ouest 1995	Partnership	1.25	EDF 07	33130
Regional		8 ACP ROC 18	Agro-ind 2000: forum agro-industriel UE - Afrique de l'Ouest	Partnership	1.95	EDF 08	
Regional		8 ACP TPS 69	Financement de la participation des pays ACP A l'Expo2000	Partnership	1.96	EDF 08	25010
Regional		7 ACP RPR 418	Each (Europe Africa Cooperation for Handicrafts).	Partnership	2.14	EDF 07	32140
Regional		7 ACP RPR 280	Organisation du pavillon de la créativité au SIAO '94	Trade / Investment	0.22	EDF 07	32140
Regional		7 ACP RPR 374	Regional project of "train for trade"	Trade / Investment	0.30	EDF 07	33110
Regional		7 ACP RPR 518	Regional project of train for trade	Trade / Investment	0.39	EDF 07	33110
Regional		6 ACP RPR 535	Develop. Commerce & Services 1995 (+7RPR354,7PTOREG18/19/20)	Trade / Investment	0.50	EDF 06	33130
Regional		7 ACP RPR 349	Promotion du commerce extérieur et des investissements	Trade / Investment	2.01	EDF 07	33130
Regional		7 ACP RPR 354	Develop. Commerce & Services 1995 (+6RPR535,7PTOREG18/19/20)	Trade / Investment	5.87	EDF 07	33130
Regional		8 ACP RAU 10	EU-SADC Investment Promotion Programme	Trade / Investment	18.33	EDF 08	
Regional		8 ACP TPS 108	PROINVEST (EU-ACP Partnership Programme for the Prom. of Invest. & Techn. Flows to ACP)	Trade / Investment	110.00	EDF 08	

EVALUATION OF EC SUPPORT TO PRIVATE SECTOR DEVELOPMENT  
IN THIRD COUNTRIES

ADE

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Regional		8 ACP TPS 150	Centre for the Development Enterprise - Budget 2002	Upgrading local firms	20.38	EDF 08	
Regional		8 ACP TPS 137	Strengthening fishery products health conditions in ACP/Oct Countries	Upgrading local firms	42.68	EDF 08	33110
Rwanda		7 ACP RW 73	Premier Prog. prioritaire de Génération d'Emploi (PPGE)	Micro/SMEs	1.99	EDF 07	16110
Senegal		7 ACP SE 43	Appui au développement régional Ziguinchor (Cellule crédit)	Finance / banking	2.29	EDF 07	
Senegal		8 ACP SE 34	Programme d'appui régional à l'intégration (PARI) - Phase II - volet secteur privé	Institutional & structural reforms (direct)	1.50	EDF 08	15010
Senegal		8 ACP SE 25	Appui régional à l'intégration (PARI) - UEMOA Phase 2	Institutional & structural reforms (indirect)	1.50	EDF 08	15010
Senegal		7 ACP SE 66	Reconstruction marché Kermel à Dakar	Micro/SMEs	1.36	EDF 07	33110
Senegal		7 ACP SE 56	Programme prioritaire de génération d'emplois	Micro/SMEs	1.91	EDF 07	16110
Senegal		7 ACP SE 57	Appui programme PME région Dakar	Micro/SMEs	1.94	EDF 07	33110
Senegal		7 ACP SE 11	Programme développement de la région de Saint-Louis (Dev. PME COPARE)	Micro/SMEs	20.50	EDF 07	
Seychelles		8 ACP SEY 5	Tourism capacity building project	Institutional & structural reforms (direct)	0.42	EDF 08	33210
Seychelles		7 ACP SEY 25	Victoria market rehabilitation	Micro/SMEs	0.67	EDF 07	33110
South Africa	1999	99.73200 - 21	SADC ESIP Programme component		2.00	B73200	
South Africa	2001	01. 73200 - 02	Private Sector Development - Risk Capital Facility	Finance / banking	58.90	B73200	
South Africa	1998	1998/0007	1998/07 - Khuphuka - skills training and employment programme	Human Resources	4.62	B73200	11330
South Africa	1998	1998/0014	1998/14 - Recognition of prior learning	Human Resources	7.40	B73200	11330
South Africa	1997	1997/0008	1997/08 - Labour market skills development programme	Human Resources	46.00	B73200	11430
South Africa	1998	1998/0002	1998/02 - Technical and business education initiative in south Africa	Human Resources	8.50	B73200	11430
South Africa	1996	1996/0014	1996/14 - Department of Trade and Industry Policy Support Programme	Institutional & structural reforms (direct)	2.36	B73200	25010
South Africa	1999	99.73200 - 19	Support to the Wild Coast Development	Institutional & structural reforms (direct)	12.70	B73200	

EVALUATION OF EC SUPPORT TO PRIVATE SECTOR DEVELOPMENT  
IN THIRD COUNTRIES

ADE

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South Africa	2000	2000/0034	2000/34 TA to the EPRD (European Programme for Reconstruction and Development)	Institutional & structural reforms (indirect)	2.12	B73200A00	15010
South Africa	1998	1998/0003	1998/03 - Financial Management Improvement Programme (FMIP)	Institutional & structural reforms (indirect)	12.00	B73200	15020
South Africa	1998	1998/0010	1998/10 - Technology support for SMEs pilot programme	Know how / technology	5.40	B73200	32130
South Africa	1995	1995/0006	1995/06 Private Sector Development Programme: Small and Micro-Enterprises Development Programme	Micro/ SME	11.00	B73200	25010
South Africa	2001	01.73200 - 03	Local Economic Development Limpopo (Northern Province)	Micro/SMEs	34.00	B73200	
South Africa	1996	96.73200 - 11	Trade and Investment Develop program	Trade / Investment	8.90	B73200	
Suriname		7 ACP SUR 25	N.V.COMFISH 12AFF/1E AUTH GLOB Lomé IV		0.65	EDF 07	32161
Suriname		7 ACP SUR 18	Suriname tourism development programme	Institutional & structural reforms (direct)	0.85	EDF 07	33210
Suriname		8 ACP SUR 8	Integrated tourism development programme	Institutional & structural reforms (direct)	2.48	EDF 08	33210
Suriname		7 ACP SUR 29	Programme management unit in Ministry of Planning & Dev Coop	Institutional & structural reforms (indirect)	0.80	EDF 07	15010
Swaziland		8 ACP SW 16	Private sector support programme	Institutional & structural reforms (direct)	5.90	EDF 08	32130
Swaziland		7 ACP SW 25	Swaziland Sugar Assoc II	Intermediary org.	3.00	EDF 07	32161
Swaziland		8 ACP SW 7	Strengthen govt's trade policy anal, relations & promotion	Trade / Investment	1.20	EDF 08	
Tanzania		7 ACP TA 122	Institutional strengthening for the tourism sector	Institutional & structural reforms (direct)	2.10	EDF 07	33210
Togo		7 ACP TO 80	Programme d'appui régional à l'intégration (PARI)-Phase II - volet secteur privé	Institutional & structural reforms (direct)	1.50	EDF 07	15010
Togo		7 ACP TO 73	Appui régional à l'intégration (PARI) - UEMOA Phase 2	Institutional & structural reforms (indirect)	1.50	EDF 07	15010
Trinidad & Tobago		7 ACP TR 21	Small business development programme	Micro/SMEs	2.00	EDF 07	32120
Trinidad & Tobago		6 ACP TR 13	Support to Caribbean Business Ltd	Upgrading local firms	0.42	EDF 06	25010
Trinidad & Tobago		8 ACP TR 1	Support to Caribbean Business Ltd	Upgrading local firms	0.48	EDF 08	25010
Trinidad & Tobago		8 ACP TR 14	Support to Caribbean business service Ltd (CBSL) Phase II	Upgrading local firms	1.98	EDF 08	32130

EVALUATION OF EC SUPPORT TO PRIVATE SECTOR DEVELOPMENT  
IN THIRD COUNTRIES

ADE

Country name *	Year*	Project number	Project title	Activity Type *	Planned (million €)	Source of financing	DAC code or sector
Uganda		9 ACP UG 1	Support to feasible financial institutions and capacity building efforts (SUFFICE), Phase II	Finance / banking	3.55	EDF 09	32161
Uganda		8 ACP UG 37	Uganda sustainable tourism development programme USTDP	Institutional & structural reforms (direct)	5.00	EDF 08	33210
Uganda		7 ACP UG 47	Small-scale enterprise development programme	Micro/SMEs	1.93	EDF 07	32120
Uganda		9 ACP UG 2	Extension et augmentation de plafond du projet 8 ACP UG 14, selon Note 12250 DE MR NAQVI	Upgrading local firms	0.23	EDF 09	15010
Vanuatu		8 ACP VA 23	Vanuatu tourism education and training project	Human Resources	2.00	EDF 08	11330
Vanuatu		8 ACP VA 4	Rural tourism development programme	Institutional & structural reforms (direct)	0.27	EDF 08	33210
Zambia		8 ACP ZA 29	CEIL INC PER LETT. EDF DCAO/LOWE 56155 DD 20/01/2000+7ZA88	Institutional & structural reforms (direct)	0.30	EDF 08	33210
Zambia		7 ACP ZA 88	Zambia tourism development programme/foundation phase (+8ZA029/300000)	Institutional & structural reforms (direct)	1.50	EDF 07	33210
Zambia		8 ACP ZA 3	Private sector development programme	Institutional & structural reforms (direct)	8.79	EDF 08	25020
Zambia		7 ACP ZA 76	Rehabilit. & development of urban markets (see also 8ZA015)	Micro/SMEs	0.37	EDF 07	33110
Zambia		7 ACP ZA 45	Return + réintegr. of qualified African nationals, Phase III	Micro/SMEs	0.50	EDF 07	11420
Zambia		8 ACP ZA 15	Development + rehabilitation of urban markets (see also 7ZA076)	Micro/SMEs	1.40	EDF 08	33120
Zambia		7 ACP ZA 84	Micro credit delivery for empowerment of the poor	Micro/SMEs	1.51	EDF 07	24040
Zambia		1996/0011	SA/ 96-73200-11 Trade and Investment Development Programme for Small, Medium and Micro Enterprises	Micro/SMEs	8.91	B73200	25010
Zambia	2002	AFS/2002/ 004-554	SA/1006/00 - sector wide ent., employment and equity programme - SWEEEP	Micro/SMEs	25.00		32130
Zambia		7 ACP ZA 67	SWARP Spinning Mills II.	Restructuring / privatisation	6.00	EDF 07	32163
Zambia		8 ACP ZA 28	Export Development Programme Ph. II (EDP II)	Trade / Investment	6.50	EDF 08	
Zambia		8 ACP ZA 53	Lumwana study	Trade / Investment	7.00	EDF 08	32120
Zimbabwe		7 ACP ZIM 44	T.A. to Ministry of Environment and Tourism (+6ZIM49)	Institutional & structural reforms (direct)	0.24	EDF 07	33210
Zimbabwe		7 ACP ZIM 35	Return & reintegration qualified African nationals Phase III	Micro/SMEs	0.50	EDF 07	11420

## 2.2.2 Asia project list

Country name *	Year*	Project number	Project title	Activity Type *	Planned (million €)	Source of financing	DAC code or sector
Bangladesh	2002	2548	Bangladesh South Asia Enterprise Development Facility	Micro/SMEs	10,00	B73000	32130
Bangladesh	2003	5641	Small project Facility	Institutional & structural reforms (direct)	3,00	B73010	43010
China	1999	3251	EU-China Financial Services Project	Finance / banking	8,50	B73000	15010
China	1998	3244	EU-China Programme for the Development of Vocational Training for the Industry	Human Resources	15,48	B73000	11330
China	1996	3266	EU-Chine Junior Managers training programme	Human Resources	11,65	B73010	11430
China	1999	3261	China-Europe International Business School - Phase II	Human Resources	10,95	B73010	11420
China	2001	4916	Interpreters SCIC China	Human Resources	0,39	B73010	11430
China	2000	3255	EU-China Civil Aviation Cooperation - Consolidation Phase	Institutional & structural reforms (direct)	8,00	B73010	21050
China	2003	5976	EU-China Civil Aviation Cooperation - Consolidation Phase	Institutional & structural reforms (direct)	1,60	B73010	21050
China	1999	5608	EU-China Civil Aviation Cooperation - Phase 1	Institutional & structural reforms (direct)	4,11	B73010	21050
China	1999	2573	EU-China Civil Aviation Cooperation - Launching Phase	Institutional & structural reforms (direct)	0,52	B73010	21050
China	2002	3258	Energy/Environment	Know how / technology	20,00	B73010	23010
China	1998	5868	EU-China Small Project facility	Institutional & structural reforms (direct)	0,92	B73010	43010
China	2000	3256	EU-China Small Project Facility II	Institutional & structural reforms (direct)	8,00	B73010	43010
China	2000	3254	EU - China Enterprise Reform Project	Restructuring / privatisation	8,50	B73000	32130
India	2000	959	EU-India Civil Aviation Cooperation project	Institutional & structural reforms (direct)	18,00	B73010	31050
India	1998	2666	EU-India Maritime Transport Project	Institutional & structural reforms (direct)	8,00	B73010	31050
India	2001	965	EU-India Small Project Facility	Institutional & structural reforms (direct)	4,20	B73010	43010

EVALUATION OF EC SUPPORT TO PRIVATE SECTOR DEVELOPMENT  
IN THIRD COUNTRIES

ADE

Country name *	Year*	Project number	Project title	Activity Type *	Planned (million €)	Source of financing	DAC code or sector
India/ Malaysia/ Thailand	1999	2592	EBIC Programme India, Malaysia, Thailand	Micro/SMEs	2,10	B73010	32130
India/ Malaysia/ Thailand	1998	3504	EBIC Interim Programme India, Malaysia; Thailand	Micro/SMEs	1,30	B73010	32130
Indonesia	2002	954	EU-Indonesia Small Project Facility	Institutional & structural reforms (direct)	6,18	B73010	43010
Indonesia	2003	5664	EU-Indonesia Trade Support Programme	Trade / Investment	8,50	B73010	33110
Macao	2000	2586	EU-Macao cooperation in the legal field. Consolidation of the legal system	Human Resources	0,99	B73010	11110
Macao	1998	2593	EC-Macao Tourism Programme	Institutional & structural reforms (direct)	0,70	B73010	33200
Macao	1999	3139	EU-Macao Offshore Services Development Programme	Institutional & structural reforms (direct)	0,52	B73010	15030
North Korea	2002	2603	Pilot project Training/Institutional Support	Human Resources	0,97	B73000	15010
Pakistan	2002	2640	Financial services sector reform program	Finance / banking	50,00	B73000	240
Philippines	2002	2472	EU-Philippines Small Project Facility	Micro/SMEs	3,00	B73010	43010
REG - ASIA	1997	4601	EC-ASEAN Cogeneration Programme Phase III	Know how / technology	16,76	B73010	23010
REG - ASIA	1998	3150	ASEM Trust Fund (phase 1)	Institutional & structural reforms (direct)	15,00	B7-3010 / B7-3000	25010
REG - ASIA	2001	2599	ASEM Trust Fund (phase 2)	Institutional & structural reforms (direct)	20,00	B7-3010 / B7-3000	25010
REG - ASIA	2000	2585	EC-ASEAN Energy Facility	Know how / technology	18,00	B73010	23010
REG - ASIA	2003	6006	EC-ASEAN Energy Facility + 20%	Know how / technology	3,50	B73010	23010
REG - ASIA	2000	3277	EU-Asian Civil Aviation Cooperation Project	Institutional & structural reforms (direct)	15,00	B73010	31050
REG - ASIA	2001	2598	EU-Asia Pro Eco	Know how / technology	31,50	B73010	41010
REG - ASIA	2002	2649	ASEAN APRIS	Institutional & structural reforms (indirect)	4,00	B73000	50000
REG - ASIA	1998	3152	Asia IT & C Phase I	Know how / technology	35,00	B73010	32181
REG - ASIA	2003	5627	Asia ITC 2	Know how / technology	10,00	B73010	32181

EVALUATION OF EC SUPPORT TO PRIVATE SECTOR DEVELOPMENT  
IN THIRD COUNTRIES

ADE

Country name *	Year*	Project number	Project title	Activity Type *	Planned (million €)	Source of financing	DAC code or sector
REG - ASIA	1997	4641	EC-ASEAN Regional Economic Cooperation Programme on Standards, Quality and Conformity Assessment	Know how / technology	9,00	B73010	33110
REG - ASIA	1995 + 1998 (China)	2624 + 2627 (China)	ASIA INVEST I	Trade / Investment	24,79	B73010	25010
REG - ASIA	2002	4032	ASIA INVEST II	Trade / Investment	35,00	B73010	25010
Sri Lanka	1996	2637	European Business Information Centre	Micro/SMEs	0,32	B73010	32130
Thailand	1992	3276	Electricity Network Upgrade Programme (ENUP)	Know how / technology	3,00	B73010	23010
Thailand	1994	5845	European Business Information Centre	Micro/SMEs	2,20	B73010	32130
Vietnam	1993	5896	European Technical Assistance Programme Vietnam I	Institutional & structural reforms (direct)	19,00	B73010	15020
Vietnam	2002	2474	European Technical Assistance Programme Vietnam II	Institutional & structural reforms (direct)	11,03	B73010	15020
Vietnam	1997	2667	Human Resources Development in Tourism	Human Resources	10,80	B73010	33200
Vietnam	2002	2970	Labour Market Project	Institutional & structural reforms (direct)	10,00	B73000	16110
Vietnam	2000	MIS n° 96/032	Small and Medium Enterprises Dev.Fund-Phase I	Finance / banking	0,97	B73000	32130
Vietnam	2002	2466	Small and Medium Enterprises Dev.Fund-Phase II	Finance / banking	1,00	B73000	32130
Vietnam	2001	2587	European Business Information Centre EBIC	Micro/SMEs	0,99	B73010	32130
Vietnam	2003	5885	Private sector support programme	Institutional & structural reforms (direct)	9,05	B73010	32130
Vietnam	2003	5814	Small project Facility	Institutional & structural reforms (direct)	2,00	B73010	43010
Vietnam	2002	NA	Interpreters SCIC Vietnam	Human Resources	0,85	B73010	11430
Vietnam	2001	2595	EC-Vietnam Cooperation in the Audio-Visual Sector	Know how / technology	0,95	B73010	22030

### 2.2.3 CARDS project list

Country name *	Year*	Project number	Project title	Activity Type *	Planned (million €)	Source of financing	DAC code or sector
Bosnia Herzegovina		BH9606.01	Banking System Consolidation	Finance / banking	1.00	B75410B00	PR
Bosnia Herzegovina		BH9606.02	SME Support	Micro/SMEs	2.00	B75410B00	PR

## 2.2.4 Latin America project list

Country name *	Year*	Project number	Project title	Activity Type *	Planned (million €)	Source of financing	DAC Code Number
Argentina	1999	ALA/1999/ 002-488 (EC)	Mejora eficiencia y competitividad eco. Argentina	Institutional & structural reforms (direct)	6.20		33110
Argentina	1996	1996/0162	Normalizacion y certificacion industrial	Know how / technology	0.80	B7311	32181
Bolivia	1995	1995/0990	Appui au secteur tourisme	Institutional & structural reforms (direct)	0.97	B75020	33200
Bolivia	1996	1996/0187	APEMIN = Appui à la petite exploitation minière	Micro/SMEs	9.67	B7310	43050
Bolivia	2002	2002/0467	APEMIN II- Programa de desarrollo sostenible en áreas mineras tradicionales del Occidente boliviano	Micro/SMEs	11.00	B73100B	43050
Bolivia	2002	ALA/2002/ 005-816 (EC)	APEMIN II- Programa de desarrollo sostenible en áreas mineras tradicionales del Occidente boliviano	Micro/SMEs	7.00		43050
Bolivia	1996	1996/0041	PRAEDAC = Programa de apoyo a la estrategia de desarrollo alternativo en el Chapare	Micro/SMEs	24.65	B7310	43050
Bolivia	2002	ALA/2002/005-847; BOL/B7-3110/2002/2003	Trade Development Investment Promotion Programme	Trade / Investment	6.30		33130
Brazil	2000	ALA/2000/ 002-446 (DE)	Technological Centres Network and Support to SME in Brazil	Micro/SMEs	8.00		32181
Central America	1996	1996/0357	Present. en Am. Central-México y Cuba de "E.C.C.O."	Partnership	0.24	B78700	33200
Chile	1994	1994/0182	Desarrollo del sector turístico (NTP/92/512/908)	Institutional & structural reforms (direct)	0.93	B73011	33200
Chile	1996	1996/0155	Proy. integr. apoyo desarrollo sector turístico	Institutional & structural reforms (direct)	0.92	B7311	33200
Columbia	1997	1997/0377	Creación del Laboratorio Colombiano de Diseño para el Desarrollo de Artesanía y la Pequeña Empresa	Micro/SMEs	0.95	B73110	32140
Honduras	1995	ALA/1995/ 000-990 (EC)	AFOPH - Appui à la formation professionnelle au HND	Human Resources	5.30		11330
Mexico	2002	2002/0492	Programa Integral de Apoyo a Micro, Pequeñas y Medianas Empresas	Micro/SMEs	24.00	B73110	32130
Mexico	2003	ALA/2003/ 002-448 (EC)	Programa Integral de Apoyo a Micro, Pequeñas y Medianas Empresas	Micro/SMEs	12.00		32130
Nicaragua	1995	ALA/1995/ 002-428 (EC)	Appui à la formation professionnelle au Nicaragua	Human Resources	10.40		11330

EVALUATION OF EC SUPPORT TO PRIVATE SECTOR DEVELOPMENT  
IN THIRD COUNTRIES

ADE

Country name *	Year*	Project number	Project title	Activity Type *	Planned (million €)	Source of financing	DAC Code Number
Nicaragua	1996	1996/0089	Support for the Tourism sector in Nicaragua	Institutional & structural reforms (direct)	0.42	B7310	33200
Nicaragua	1995	1995/0213	Support for the tourism sector in Nicaragua/Phase I	Institutional & structural reforms (direct)	0.42	B73010	33200
Paraguay	1995	1995/0147	APOYO A LA PROMOCION TURISTICA DEL PARAGUAY	Institutional & structural reforms (direct)	0.24	B73011	33200
Peru	1995	ALA/1995/ 000-986 (EC)	FORM. PROFESIONAL TECNOL. Y PEDAGOGICA	Human Resources	9.00		11330
Peru	1993	ALA/1993/ 000-977 (EC)	Apoyo a la promoción de exportaciones	Trade / Investment	3.77		25010
REG - Latin America	1994	1994/0192	FORMADITUR II	Human Resources	0.36	B73011	33200
REG - Latin America	2002	2002/0546	Assistance aux Petites et Moyennes Entreprises et Institutions financièrement faibles	Micro/SMEs	0.20	B73110B	25010
Uruguay	1997	ALA/1997/ 001-018 (EC)	Programa de apoyo a la creación de una Escuela de Artes y Oficios en Uruguay para la formación de artesanos y su inserción profesional	Human Resources	10.58		11330
Venezuela	1995	1995/0060	PROMOEX-Promoción export. no tradicionales	Trade / Investment	0.77	B73011	25010

## 2.2.5 MEDA project list

Country name *	Year*	Project number	Project title	Activity Type *	Planned million €)	Source of financing	DAC Code Number
Algeria	2000		Appui à la modernisation du Secteur Financier	Institutional & structural reforms (direct)	23.25	B74100	
Algeria			Programme de modernisation et d'assistance aux réformes administratives	Institutional & structural reforms (indirect)	25.00	B74100	
Algeria	1998	MED/1998/ 003-367 (EC)	Appui au développement des PME/PMI en Algérie	Micro/SMEs	57.00	B74100	32130
Algeria	1998	1998/0708	Appui à la restructuration ind. et à la privatisation	Restructuring / privatisation	41.50	B74100	25020
Egypt	1995	SEM/04/220/015A	Banking Sector Support programme	Finance / banking	11.70	B74051	
Egypt	2002	2002/0557	Assistance to the Reform of the Technical and Vocational Education and Training System (TVET)	Human Resources	66.00	B74100	11330
Egypt	1997	1997/0733	Industrial modernisation Programme	Institutional & structural reforms (direct)	250.00	B74100	32120
Egypt	1999		Private Sector Development Programme II	Micro/SMEs	20.00	B74051	
Egypt	1993	MED/1993/ 005-060 (EC)	Public Enterprise Reform and Privatisation Programme	Restructuring / privatisation	23.24	B74100	25020
Egypt	1994	SEM/04/220/004A	Public Enterprise Reform and Privatisation Programme	Restructuring / privatisation	43.00	B74051	
Egypt	2002		Trade Enhancement Programme A (TA)	Trade / Investment	20.00	B74100	
Jordan	1999		Industrial modernisation Programme (EJADA)	Institutional & structural reforms (direct)	45.00	B74100	
Jordan	2002		Support for regulatory reform and privatisation	Institutional & structural reforms (direct)	20.00	B74100	
Jordan	1997	1997/0302	Private Sector Development Programme - Business Service Team BST	Upgrading local firms	7.00	B74100	25011
Lebanon	1999	1999/2062	Programme de modernisation industrielle - MEDA 1999/0209	Institutional & structural reforms (direct)	11.00	B74100	32120
Morocco	1998	MED/1998/ 003-410 (EC)	Appui aux institutions financières de garantie aux PME (PAIGMAN)	Finance / banking	30.00	B74100	15020
Morocco	1997	1997/0587	Appui à la mise à niveau de l'enseignement technique et de la formation professionnelle au Maroc (MAR/B7-4100/IB/97/0587)	Human Resources	73.60	B74100	11430

EVALUATION OF EC SUPPORT TO PRIVATE SECTOR DEVELOPMENT  
IN THIRD COUNTRIES

ADE

Country name *	Year*	Project number	Project title	Activity Type *	Planned million €)	Source of financing	DAC Code Number
Morocco	2002	2002/0687	Appui au Développement de la Formation Professionnelle dans les secteurs du Tourisme, du Textile et des Nouvelles Technologies de l'Info et de la Com	Human Resources	65.56	B74100	11330
Morocco	2002	MED/2002/ 004-631 (EC)	Appui au Développement de la Formation Professionnelle dans les secteurs du Tourisme, du Textile et des Nouvelles Technologies de l'Info et de la Com	Human Resources	50.00	B74100	11330
Morocco	1998	1998/0504	Appui au Ministère de la Privatisation	Institutional & structural reforms (direct)	5.00	B74100	25020
Morocco	1998		Appui au programme pour la promotion de la qualité NORMES	Know how / technology	15.50	B74100	
Morocco	2002	2002/0688	Programme d'Appui aux entreprises	Micro/SMEs	93.80	B74100	32130
Morocco	1995	1995/2198	Programme de Développement du Secteur Privé (EME - Euro Maroc Enterprise)	Micro/SMEs	23.00	B74100	32130
Morocco	2000		Project pilote d'appui au micro crédit	Micro/SMEs	0.70	B74100	
Palestinian Authority	2002	2002/0693	Emergency Support Programme to SMEs in West Bank and Gaza Strip	Micro/SMEs	10.00	B74200	32130
Palestinian Authority	2002	2002/0620	Emergency Support to the SMEs of East Jerusalem	Micro/SMEs	5.00	B74200	32130
REG - MEDA	2000	2000/2073	Promotion of Euro-Med Market instruments & mechanisms	Institutional & structural reforms (direct)	9.90	B74100	32110
REG - MEDA	2000	2000/2196	Economic cooperation foundation's activities - ME1/B74100/95/038	Institutional & structural reforms (indirect)	0.25	B74100	15010
REG - MEDA	2000	2000/2075	Innovation, Technologie et Qualité dans les Entreprises	Know how / technology	15.00	B74100	32110
REG - MEDA	1999	1999/2350	Contrats-cadre pays tiers IB - BUSINESS CENTRE GWB	Micro/SMEs	0.48	B74100	32120
REG - MEDA	1998	1998/0079	Europartenariat Espana 1998	Partnership	3.35	B74100	25011
REG - MEDA	1997	1997/0042	Euro-partenariat Hellas	Partnership	3.22	B74100	32130
REG - MEDA	2000	2000/2191	Mediterranean Investor guides - tender/IB/AMS/371	Trade / Investment	1.36	B74100A	25010
REG - MEDA	1997	1997/0046	Private Participation in Mediterranean Infrastructure	Trade / Investment	0.96	B74100	50000
REG - MEDA	2000	2000/0017	The Private Participation in Mediterranean Infrastructure - Programme - Phase 2	Trade / Investment	1.68	B74101	16110
Syria	1997	1997/0593	HIBA - Higher Institute of Business Administration - (SYR/B7-4100/IB/97/0593)	Human Resources	18.00	B74100	11420

EVALUATION OF EC SUPPORT TO PRIVATE SECTOR DEVELOPMENT  
IN THIRD COUNTRIES

ADE

Country name *	Year*	Project number	Project title	Activity Type *	Planned million €)	Source of financing	DAC Code Number
Syria	1996	1996/0851	Cultural Tourism Development Program - SYR/B7-4100/IB/MEDA/96/0851	Institutional & structural reforms (direct)	3.11	B74100	33210
Syria	2000		Syrian-European Business Centre II (SEBC II)	Micro/SMEs	18.00	B74100	
Syria	1995		Syrian-European Business Centre I (SEBC I)	Micro/SMEs	9.00	B74051	
Tunisia	1997	1997/0240	Appui au programme de mise à niveau de la formation professionnelle (MANFORM) (TUN/B7-4100/IB/97/0240)	Human Resources	<b>275.70</b>	B74100	11330
Tunisia	1997	MED/1997/ 004-660 (EC)	Appui au programme de mise à niveau de la formation professionnelle (MANFORM) (TUN/B7-4100/IB/97/0240)	Human Resources	<b>45.00</b>		11330
Tunisia	1994	1994/0368	Création de deux centres de formation professionnelle (SEM/04/212/009/A)	Human Resources	14.00	B74051	11430
Tunisia	1998		Amélioration de la compétitivité	Institutional & structural reforms (direct)	10.00	B74100	
Tunisia	2002	2002/0558	Programme de Modernisation Industrielle	Institutional & structural reforms (direct)	50.00	B74100	32130
Tunisia	2000		Programme de développement du secteur privé (Euro-Tunisie-Enterprise)	Partnership	20.00	B74100	
Tunisia	1996	1996/0021	Programme de développement du secteur privé - "Euro-Tunisie Entreprise"	Partnership	20.00	B74100	25011
Tunisia	1996	1996/0018	Assistance technique pour la privatisation	Restructuring / privatisation	10.00	B74100	25020
Tunisia	1997	1997/0006	Appui promotion investissements extérieurs	Trade / Investment	<b>6.00</b>	B74100	32120

## 2.2.6 TACIS project list

Country name *	Year*	Project number	Project title	Activity Type *	Planned (million €)	Source of financing	DAC Code Number
Armenia	1996	AR9601.01	Private sector development	Institutional & structural reforms (direct)	6.65	B75200B00	SE
Armenia	2000	AR0001.02	Private Sector/Econ. Dev	Institutional & structural reforms (direct)	1.40	B75200B00	A2
Armenia	1998	AR9801.02	Support for enterprise	Institutional & structural reforms (direct)	2.00	B75200B00	SE
Armenia	1995	AR9501.02	Enterprise Restr. & Dev.	Restructuring / privatisation	2.00	B75200B00	SE
Azerbaijan	1996	AZ9601.02	Private Sector Development	Institutional & structural reforms (direct)	1.70	B75200B00	SE
Azerbaijan	2000	AZ0002.02	Private Sector/Econ. Dev	Institutional & structural reforms (direct)	4.80	B75200B00	A2
Azerbaijan	1998	AZ9801.03	Support for enterprise	Institutional & structural reforms (direct)	3.50	B75200B00	SE
Azerbaijan	1995	AZ9501.02	Enterprise Restr. & Dev.	Restructuring / privatisation	1.80	B75200B00	SE
Azerbaijan	1994	AZ9401.02	Privatisation and Restruc	Restructuring / privatisation	1.90	B75200B00	SE
Belarus	1995	BI9501.01	Enterprise Support	Restructuring / privatisation	1.63	B75200B00	SE
Belarus	1994	BI9401.01	Enterprise Restruct. Dev.	Restructuring / privatisation	5.00	B75200B00	SE
Cross border	2000	CB0001.03	Private Sector/Econ. Dev	Institutional & structural reforms (direct)	2.00	B75210B00	A2
Cross border	1998	CB9801.03	Support for enterprise	Institutional & structural reforms (direct)	1.73	B75210B00	SE
Cross border	2001	CB0101.03	Support to Private Sector	Institutional & structural reforms (direct)	4.00	B75210B00	A2
Georgia	1996	GE9601.02	Private Sector development	Institutional & structural reforms (direct)	4.65	B75200B00	SE
Georgia	2000	GE0001.02	Private Sector/Econ. Dev	Institutional & structural reforms (direct)	2.60	B75200B00	A2
Georgia	1998	GE9801.04	Support for enterprise	Institutional & structural reforms (direct)	3.63	B75200B00	SE
Georgia	2001	GE0101.02	Support to Private Sector	Institutional & structural reforms (direct)	1.00	B75200B00	A2
Georgia	1995	GE9501.02	Enterprise Restr. & Dev.	Restructuring / privatisation	1.92	B75200B00	SE
Georgia	1994	GE9401.01	Priv. and restructuring	Restructuring / privatisation	3.60	B75200B00	SE
Kazakhstan	1997	KA9701.02	Struct & Inst Reforms	Institutional & structural reforms (direct)	7.47	B75200B00	SE
Kazakhstan	1999	KA9901.01	Support for enterprise	Institutional & structural reforms (direct)	8.80	B75200B00	SE
Kazakhstan	1995	KA9501.01	Support to Enterprise	Institutional & structural reforms (direct)	5.98	B75200B00	SE
Kazakhstan	1994	KA9401.01	Enterprise Restructuring	Restructuring / privatisation	6.30	B75200B00	SE
Kyrgyzstan	1999	KI9901.01	Support for Enterprises	Institutional & structural reforms (direct)	5.38	B75200B00	SE

Country name *	Year*	Project number	Project title	Activity Type *	Planned (million €)	Source of financing	DAC Code Number
Kyrgyzstan	2001	KI0101.02	Support to Private Sector	Institutional & structural reforms (direct)	2.80	B75200B00	A2
Moldova	2001	MO0101.02	Private Sector	Institutional & structural reforms (direct)	3.00	B75200B00	A2
Moldova	1997	MO9701.02	Private sector development	Institutional & structural reforms (direct)	4.30	B75200B00	SE
Moldova	1999	MO9901.02	Support for Enterprises	Institutional & structural reforms (direct)	5.03	B75200B00	SE
Moldova	1995	MO9501.02	Enterprise Restr. & Dev.	Restructuring / privatisation	1.50	B75200B00	SE
Moldova	1994	MO9401.05	Enterprise Restruct. & De	Restructuring / privatisation	1.58	B75200B00	SE
Mongolia	1998	MG9801.02	Support for enterprise	Institutional & structural reforms (direct)	1.00	B75200B00	SE
Mongolia	1996	MG9601.02	Support for Enterprises	Institutional & structural reforms (direct)	1.83	B75200B00	SE
Mongolia	1994	MG9401.01	Enterprise Restruct & Dev	Restructuring / privatisation	2.56	B75200B00	SE
Russia	1994	RU9401.07	Facilities		4.50	B75200B00	SE
Russia	1995	RU9503.01	Lake Baikal TA Centre		1.80	B75200B00	SE
Russia	2000	RU0002.02	Private Sector/Econ. Dev	Institutional & structural reforms (direct)	12.00	B75200B00	A2
Russia	1997	RU9702.01	Support for enterprise	Institutional & structural reforms (direct)	27.50	B75200B00	SE
Russia	1995	RU9501.01	Support for Enterprises	Institutional & structural reforms (direct)	39.76	B75200B00	SE
Russia	1996	RU9601.01	Support for Enterprises	Institutional & structural reforms (direct)	32.86	B75200B00	SE
Russia	1994	RU9401.01	Enterprise Restruct & Dev	Restructuring / privatisation	29.70	B75200B00	SE
Russia	1994	RU9402.01	Enterprise Restruct & Dev	Restructuring / privatisation	8.20	B75200B00	SE
Russia	1994	RU9403.01	Enterprise Restructuring	Restructuring / privatisation	1.00	B75200B00	SE
Russia	1998	RU9801.02	Enterprise support	Restructuring / privatisation	32.09	B75200B00	SE
Russia	1999	RU9901.02	Enterprise support	Restructuring / privatisation	17.90	B75200B00	SE
TACIS Region	1995	WW9506.05	Other Projects		4.00	B75200B00	SE
TACIS Region	1994	WW9407.07	Banking Sector actions	Finance / banking	2.50	B75200B00	SE
TACIS Region	1994	WW9407.01	Institutional support	Institutional & structural reforms (direct)	10.00	B75200B00	SE
TACIS Region	1997	WW9712.05	Support for enterprise	Institutional & structural reforms (direct)	1.50	B75200B00	SE
TACIS Region	1994	WW9407.02	Enterprise Level Support	Restructuring / privatisation	2.50	B75200B00	SE
Tajikistan	1997	TA9701.02	Support for enterprise	Institutional & structural reforms (direct)	1.30	B75200B00	SE
Turkmenistan	1997	TU9701.01	Struct & Inst reforms	Institutional & structural reforms (direct)	3.33	B75200	SE

Country name *	Year*	Project number	Project title	Activity Type *	Planned (million €)	Source of financing	DAC Code Number
Turkmenistan	1999	TU9901.01	Support for Enterprise	Institutional & structural reforms (direct)	1.00	B75200	SE
Turkmenistan	1995	TU9501.02	Enterprise Restr. & Dev.	Restructuring / privatisation	1.00	B75200	SE
Turkmenistan	1994	TU9401.02	Restructuring & developm.	Restructuring / privatisation	1.83	B75200	SE
Ukraine	2000	UR0002.02	Priv. Sector & Econ. Dev	Institutional & structural reforms (direct)	14.00	B75200B00	A2
Ukraine	1997	UR9701.03	Support for enterprises	Institutional & structural reforms (direct)	16.05	B75200B00	SE
Ukraine	1998	UR9801.02	Support for enterprise	Institutional & structural reforms (direct)	11.38	B75200B00	SE
Ukraine	1996	UR9602.02	Support for Enterprises	Institutional & structural reforms (direct)	11.18	B75200B00	SE
Ukraine	1999	UR9901.02	Support for enterprise	Institutional & structural reforms (direct)	15.85	B75200B00	SE
Ukraine	2001	UR0103.02	Support to Private Sector	Institutional & structural reforms (direct)	10.00	B75200B00	A2
Ukraine	1995	UR9501.01	Enterprise Support	Restructuring / privatisation	10.70	B75200B00	SE
Ukraine	1994	UR9401.02	Enterprise Restruct+Devel	Restructuring / privatisation	4.45	B75200B00	SE
Uzbekistan	1998	OU9801.02	Support for Enterprises	Institutional & structural reforms (direct)	6.80	B75200B00	SE
Uzbekistan	1995	OU9501.02	Enterprise Support	Restructuring / privatisation	2.00	B75200B00	SE
Uzbekistan	1994	OU9401.03	Enterprise restr. & develop.	Restructuring / privatisation	3.30	B75200B00	SE

## 3. Descriptive analysis of PSD projects

### 3.1 Analysis across regions

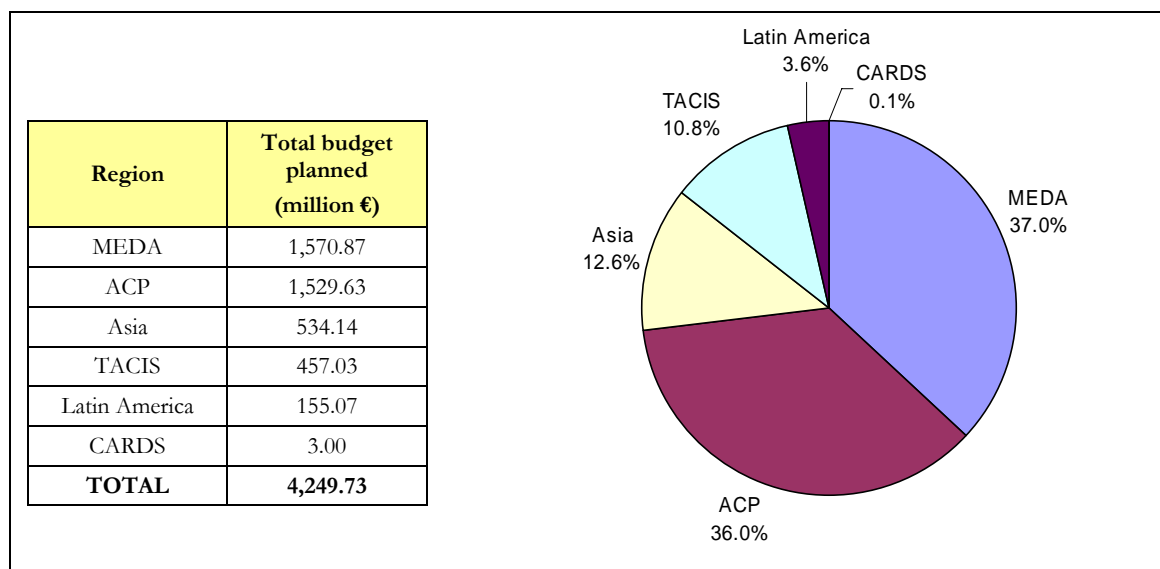
This section presents a short analysis of the total EC interventions in the PSD sector across all the regions covered by this evaluation. This total was reached by adding up all regional project lists prepared (see above)<sup>4</sup>. The analysis focuses on the distribution of planned interventions according to two criteria:

- Beneficiary region
- Type of activity

#### 3.1.1 By beneficiary region

Based on the above list of projects, the distribution of the total budget for PSD activities for the period 1994-2003 shows that 37% of the total went to the Mediterranean region. The ACP region follows close behind the MED region with 36%. The Asia region comes next with 12.6% followed by the TACIS region with about 11%. Latin America receives nearly 4% of the total budget. In the Balkans/CARDS region very few PSD interventions were implemented until now.

**Figure 1 - Budget distribution by region (1994-2003)**



<sup>4</sup> The project “EU-China Civil Aviation Cooperation - Consolidation Phase” (No 5976, 2003, € 1.6 million) is not included in the analysis.

### 3.1.2 By type of activity

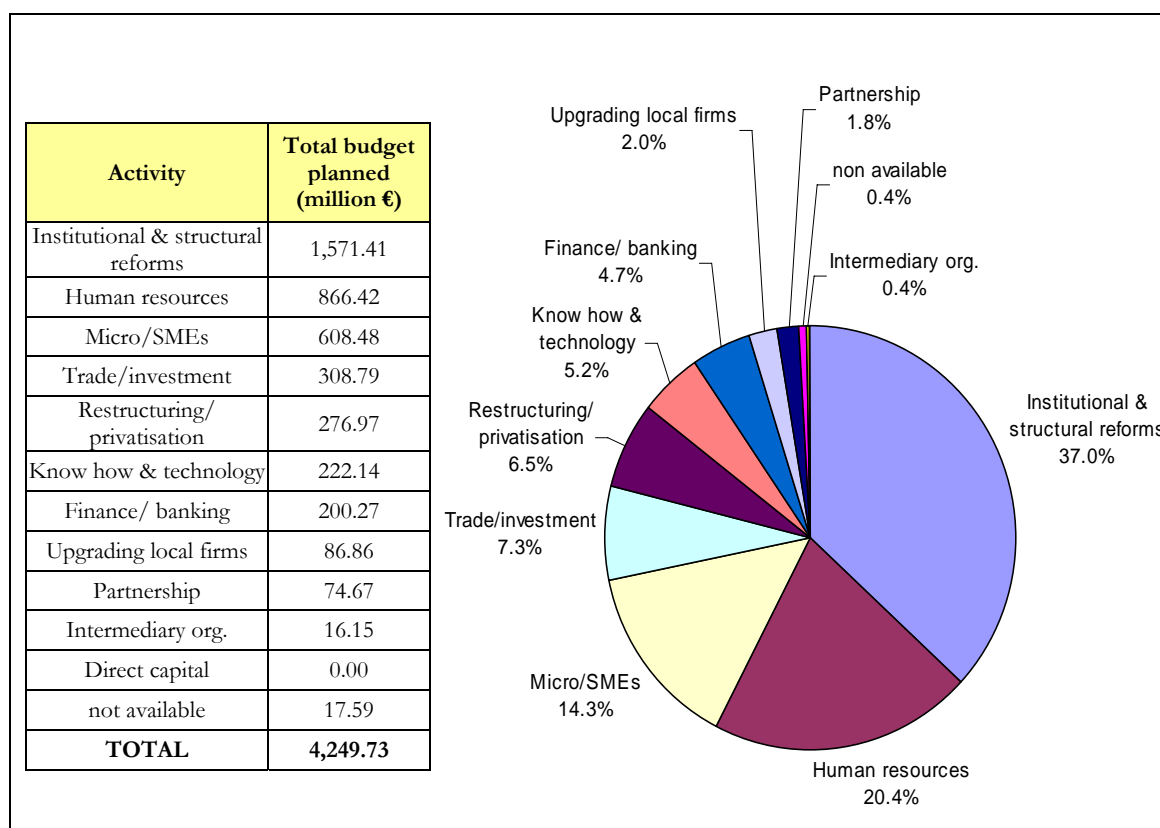
The various projects in support of PSD planned in the various regions during the period 1994-2003 were classified according to their main type of activity.

Their distribution by type of activity shows that 37% of the interventions focused on *Support for institutional and structural reforms with a direct or indirect effect on PSD* followed by 20.4% on *Support to enhance human resources and capacities*.

*Support for the development and creation of SMEs and micro-enterprises* represented 14.3% of the total and was followed by *Encouragement of trade and investment between European and local companies* with 7.3% and *Support to firm's restructuring and privatisation* with 6.5%.

A minor but not negligible amount was allocated to other types of activities: *Encouragement of transfers of know-how and technologies & support to cooperation between industry and scientific research* (5.2%), *Support to local financial institutions & the reinforcement of a reliable financial system* (4.7%) and *Upgrading local firms* (2%). *Support to facilitate partnership between firms* (meetings, workshops, forums, etc.) and *Support to intermediary organisations representing the private sector* represented together 2.2%.

**Figure 2 - Budget distribution by type of activity (1994-2003)**



## 3.2 Analysis by region

This section presents a rough analysis of the EC project lists presented by region. This analysis focuses on the distribution of PSD projects planned within a region according to four criteria:

- type of activity,
- beneficiary country or sub-region,
- financing source,
- date.

### 3.2.1 ACP Countries

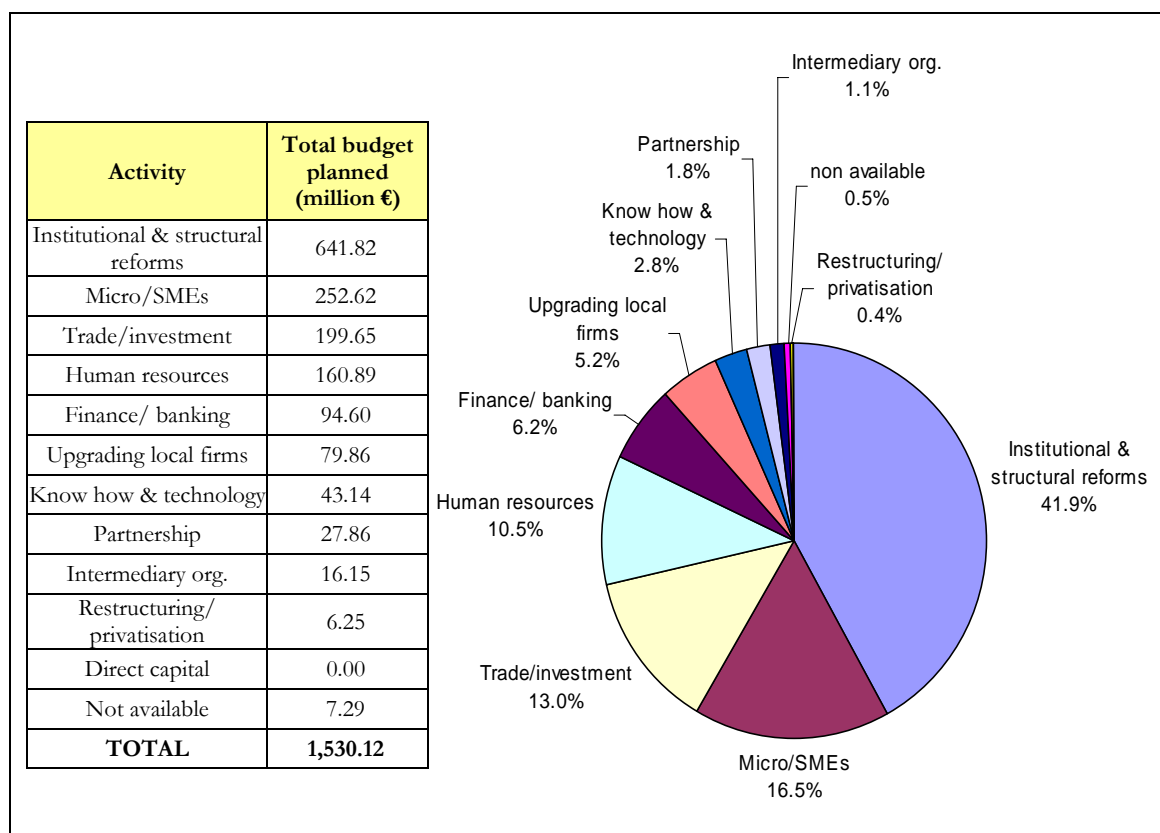
#### a) *By type of activity*

The various PSD projects planned in the ACP area during the period under consideration were classified according to their main type of activity.

Figure 3 shows that *Support for institutional and structural reforms* is the most frequent type of activity, with 42% of the total ACP budget for PSD. *Support for the development and creation of SMEs and micro-enterprises* and *Encouragement of trade and investment between European and local companies* follow with 16.5 and 13%.

*Support to enhance human resources and capacities* comes in fourth position, with around 10.5%, and is followed by *Support to local financial institutions & the reinforcement of a reliable financial system* (6.2%) and *Encouragement of transfers of know-how and technologies & support to cooperation between industry and scientific research* (5.2%). Four other types of activities are also pursued but in a less important way, since they share 6% only of the total budget.

**Figure 3 - Budget distribution by type of activity (ACP - 1994-2003)**



**b) By beneficiary country or sub-region**

EC PSD interventions in the ACP region can also be classified according to the geographical coverage of the interventions:

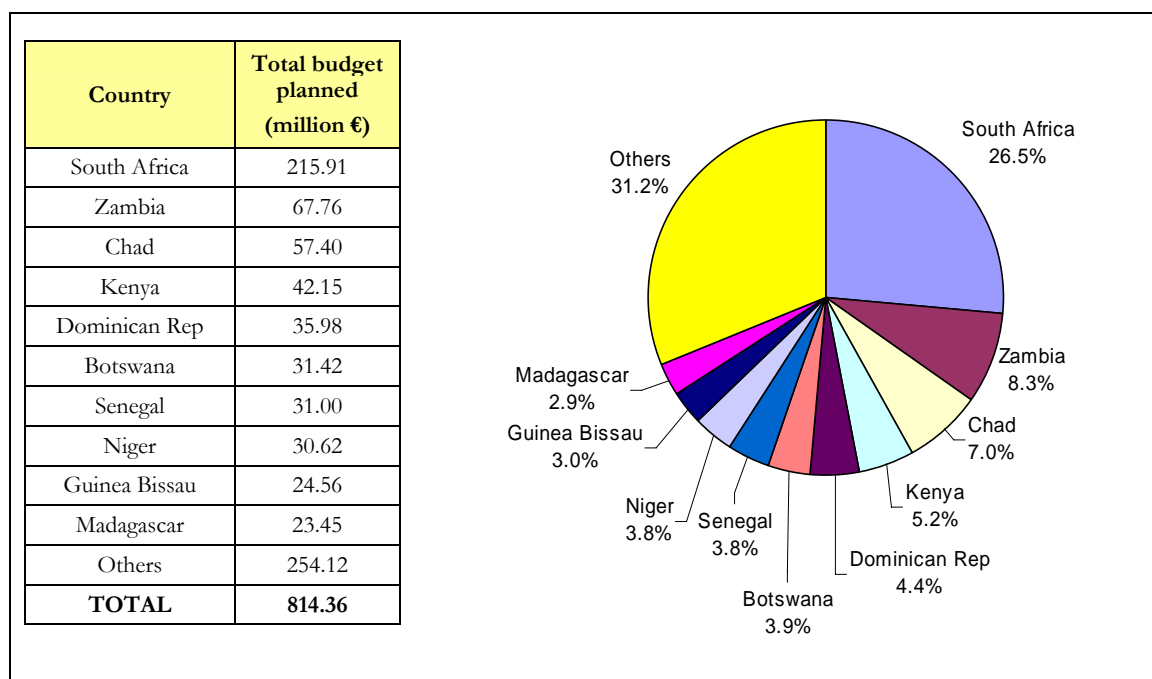
- Bilateral cooperation (58.4% of the total ACP budget for PSD).
- Regional cooperation (41.6%).

**Bilateral cooperation** finances PSD projects in 48 countries. For better visibility, figure 4 below shows the ranking of the 10 countries with the highest planned budget for PSD in the ACP<sup>5</sup> region; the other 38 partner countries are gathered under a single line called *Others*.

South Africa is the country where the highest amount was planned (26.5%) followed by Zambia (8%) and Chad (7%). The next 7 countries (Kenya, Dominican Republic, Botswana, Senegal, Niger, Guinea Bissau and Madagascar) represent from 3% to 5% of the bilateral PSD cooperation budget. The other 35 countries share 31% of the total PSD budget in the ACP region.

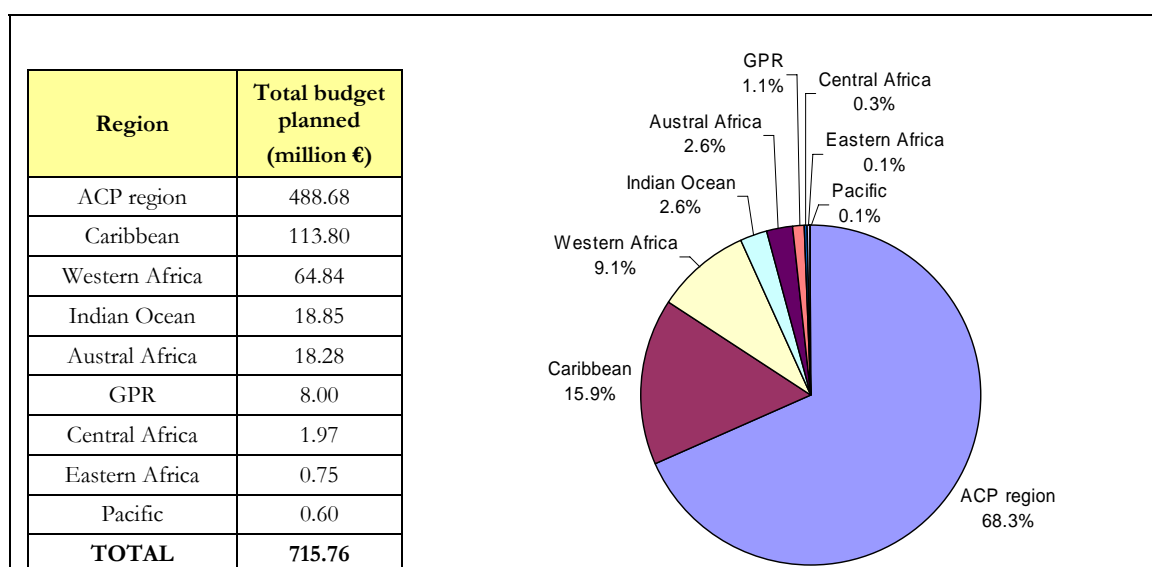
<sup>5</sup> South Africa is considered here as an ACP member country.

**Figure 4 - Budget distribution by country (ACP - 1994-2003)**



As far as the **regional cooperation** is concerned, PSD projects developed at the level of the entire ACP area obtain the largest share, with more than 68% of the regional cooperation budget. The PSD projects under ACP sub-regional cooperation represent 32% of the budget. The Caribbean is the region planning most resources to PSD (16%), followed by Western Africa (9%). The other regions represent less than 5% of the budget.

**Figure 5 - Budget distribution by region (ACP - 1994-2003)**

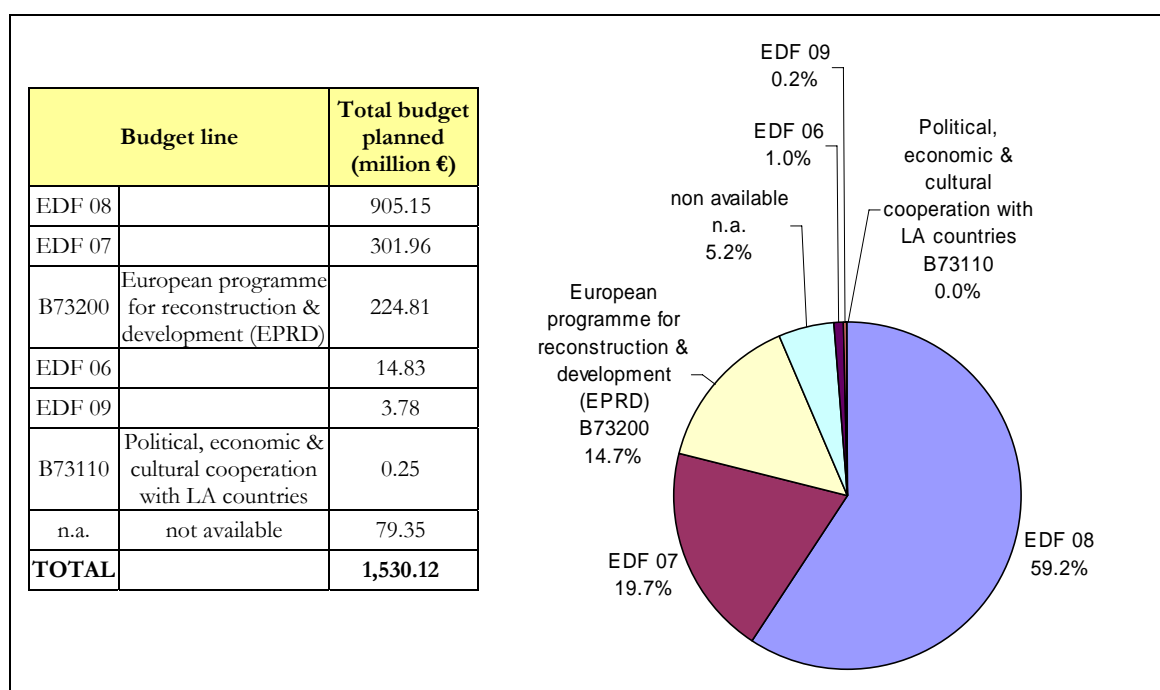


**c) By financing source**

In total, 4 successive EDF funds and 1 specific budget line have been used to finance projects in the ACP area. The 8<sup>th</sup> and 7<sup>th</sup> EDF provided 80% of the total budget for PSD under the period while the 6<sup>th</sup> EDF and 9<sup>th</sup> EDF account for respectively 1% and 0.2% of the total budget considered. Finally, the Budget Line B-73200, *European Programme for Reconstruction & Development*, represents 14.7% of the projects.

The CRIS database gives no indication on the budget line used to finance some of the projects. One project in Cuba was encoded under Budget Line B-7311 *Political, economic & cultural cooperation with LA countries*.

**Figure 6 - Budget distribution by financing source (ACP - 1994-2003)**



**d) By date**

No analysis per year of the ACP projects for PSD can be made at this stage since the identification codes of FED-funded projects (84% of the total funding) do not provide information on the date of the project.

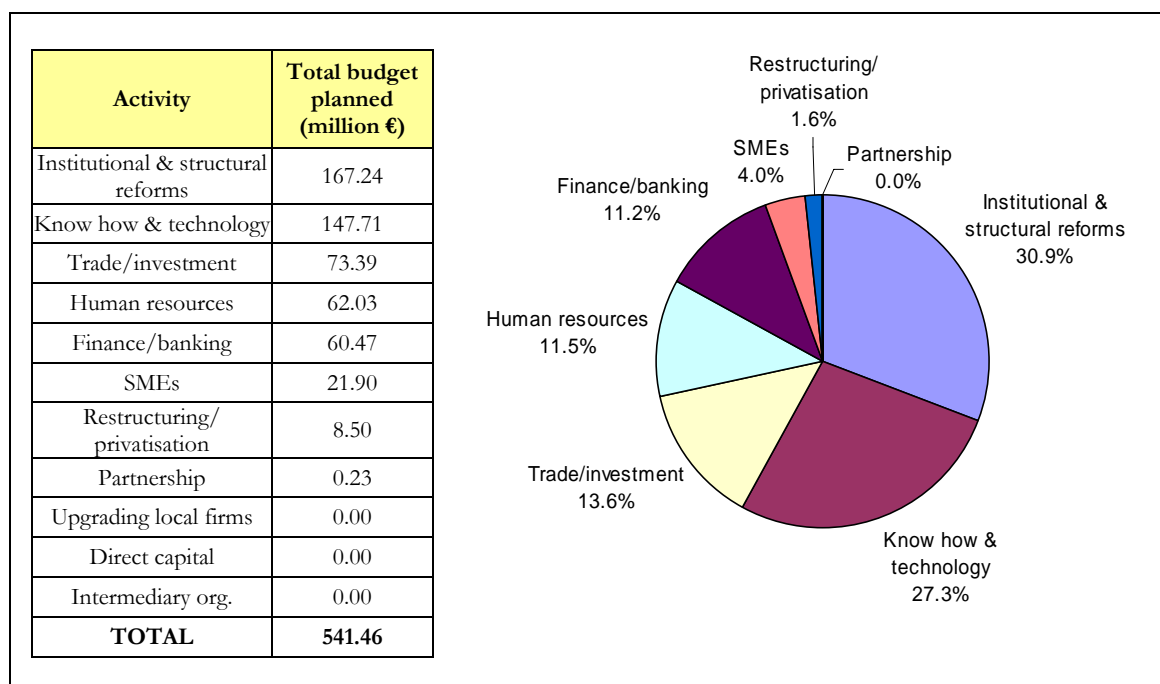
### 3.2.2 Asian Countries

#### a) By type of activity

The various PSD projects planned in the Asian area during the period under consideration were classified according to their main type of activity.

Figure 7 shows that eight types of activity out of the eleven types identified earlier were planned in Asia over the past 10 years. The *Institutional & structural reforms* and *Encouragement of transfers of know-how & technology* were the most frequent activities with respectively 30.9% and 27.3% of the total planned budget. *Encouragement of trade and investment between European and local companies* comes next with 27.3%. *Support to enhance human resources and capacities* and *Support to local financial institutions & reinforcement of a reliable financial system* come in fourth and fifth position with a little more than 11% each. The other 3 types of activity supported in the region obtain less than 6% of the budget.

**Figure 7 - Budget distribution by type of activity (Asia - 1994-2003)**

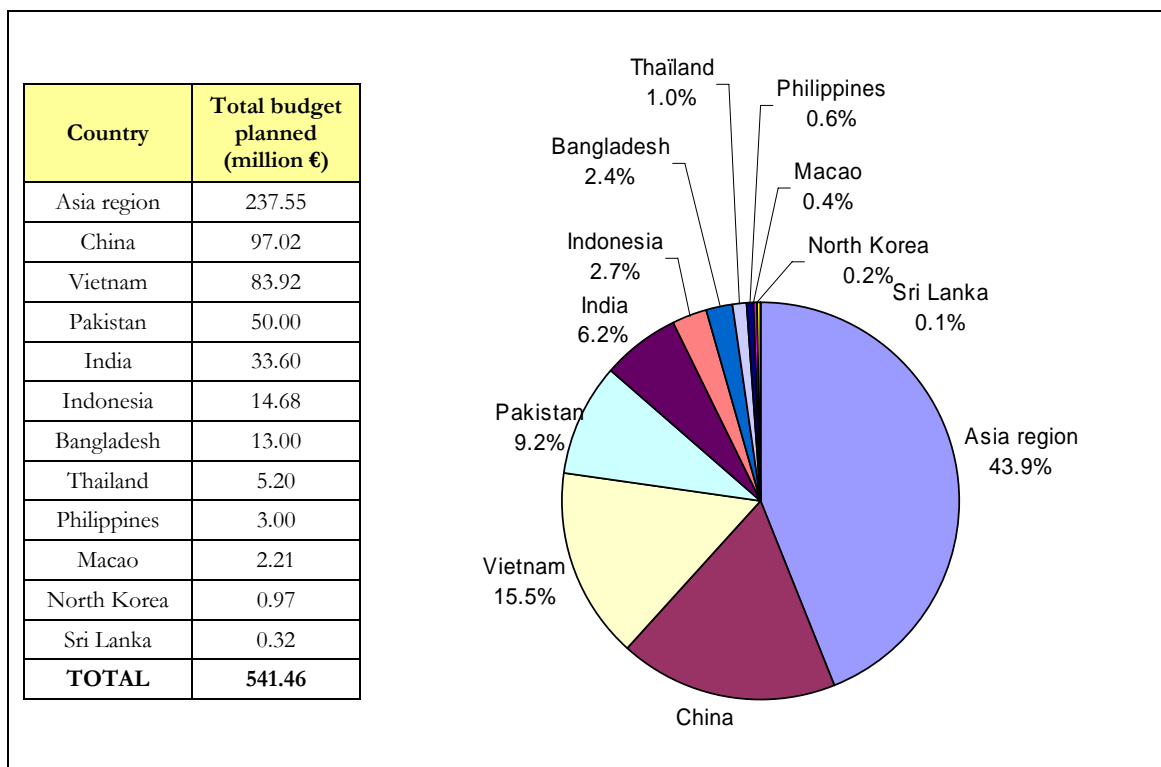


**b) By beneficiary country**

The analysis of the distribution of PSD planned budgets among the partner countries over the period shows that the regional interventions were the most financed with more than 50% of the total. The regional importance accorded to PSD support in this region is different from the strategy adopted in MEDA, TACIS or Latin America, which does not focus on regional PSD projects.

As far as single countries are concerned, China is the major beneficiary country in the region, PSD representing 20%, Pakistan. Vietnam and India followed with 9 to 6% of the budget. PSD Projects were also planned in seven other countries but for relatively marginal amounts (less than 3% of the total).

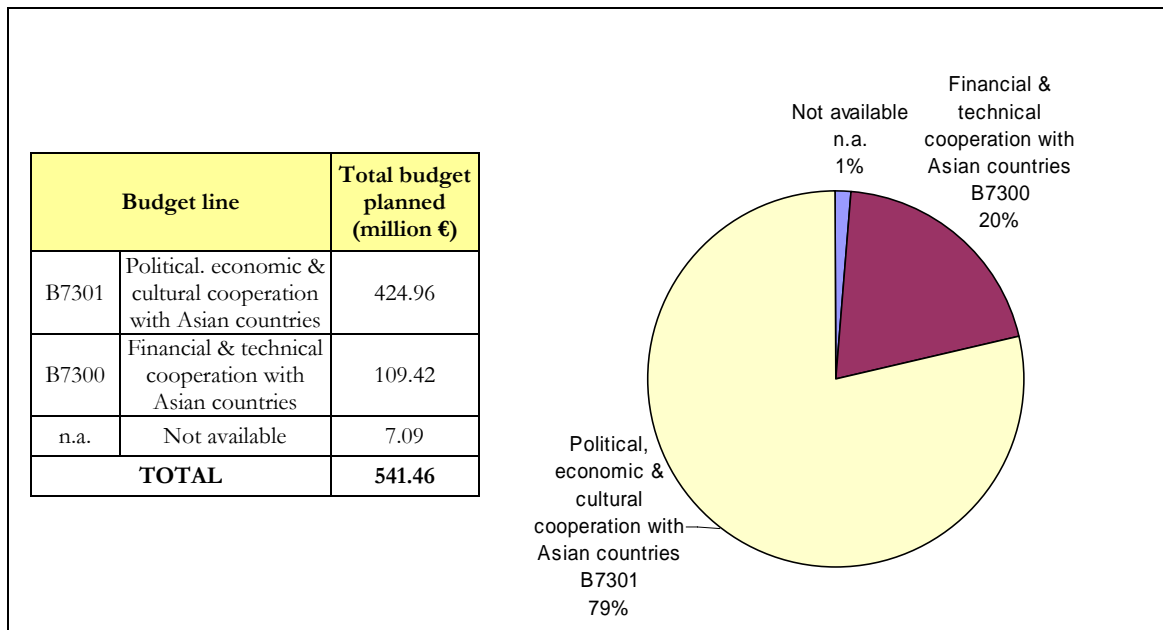
**Figure 8 - Budget distribution by country (Asia - 1994-2003)**



c) *By financing source*

The analysis of the budget lines shows that 79% of the projects were planned under BL 7-301 *Political, economic & cultural cooperation with Asian countries* and 20% under BL 7-300 *Financial & technical cooperation with Asian countries*.

**Figure 9 - Budget distribution by financing source (Asia - 1994-2003)**

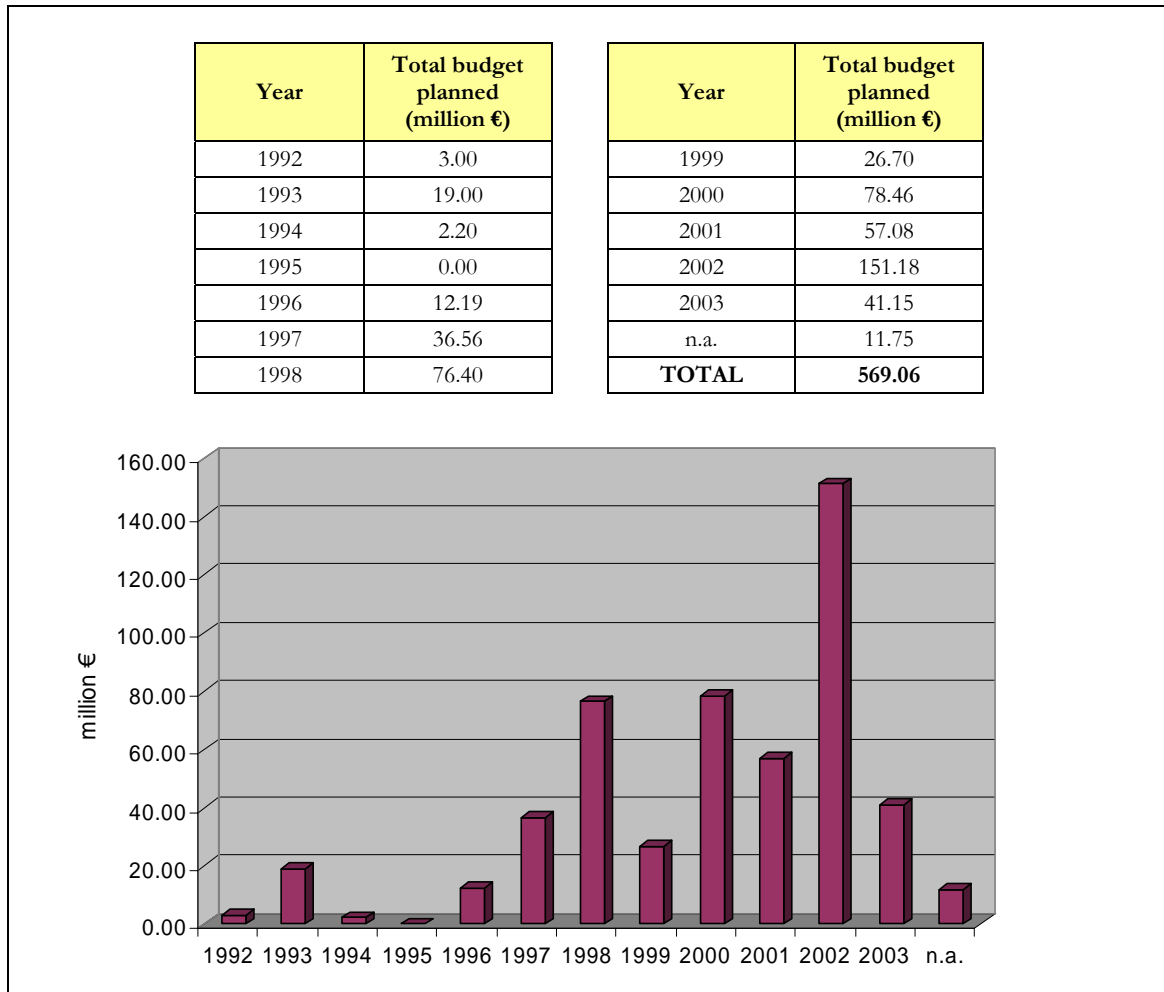


It is important to note that, since January 1<sup>st</sup>, 2004, the number of the budget lines have changed for the Asia programme. Budget line B7-300 has been replaced by the number 191001 and budget line B7-301 is now 191002. The budget lines titles have however remained identical.

d) *By date*

The analysis of the data shows that the two main project planning periods in Asia were 1997-98 and 2000-2002. One can assume at this stage that these important planning exercises correspond to new programming exercises for the region.

**Figure 10 - Budget distribution by year (Asia - 1994-2003)**



### 3.2.3 Latin America

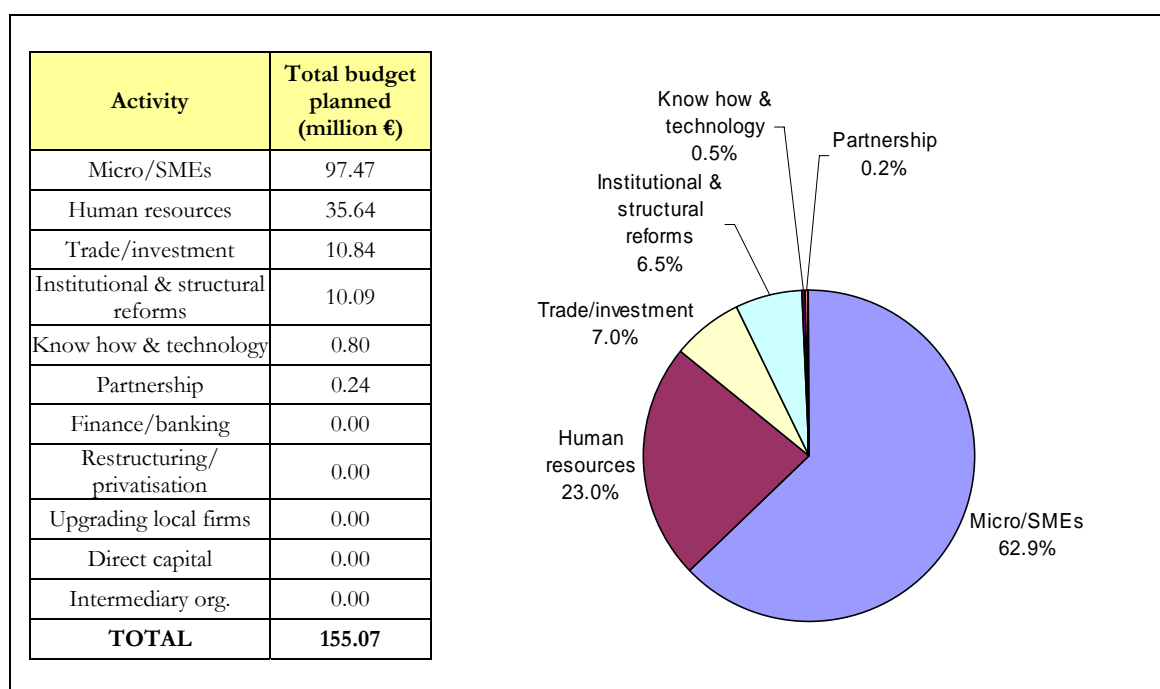
#### a) By type of activity

The various PSD projects planned in the Latin America region during the period under consideration were classified according to their main type of activity.

Figure 11 shows that the *Support for the development and creation of SMEs and micro-enterprises* was the most frequent type of PSD activity planned within the framework of the EU - Latin America cooperation policy. It represented 63% of the total planned budget in the Latin America region over the period.

*Support to enhance Human Resources and capacities* came next with 23%, and was followed by *Encouragement of trade and investment between European and local companies* and *Institutional & structural reforms*, with about 7% each.

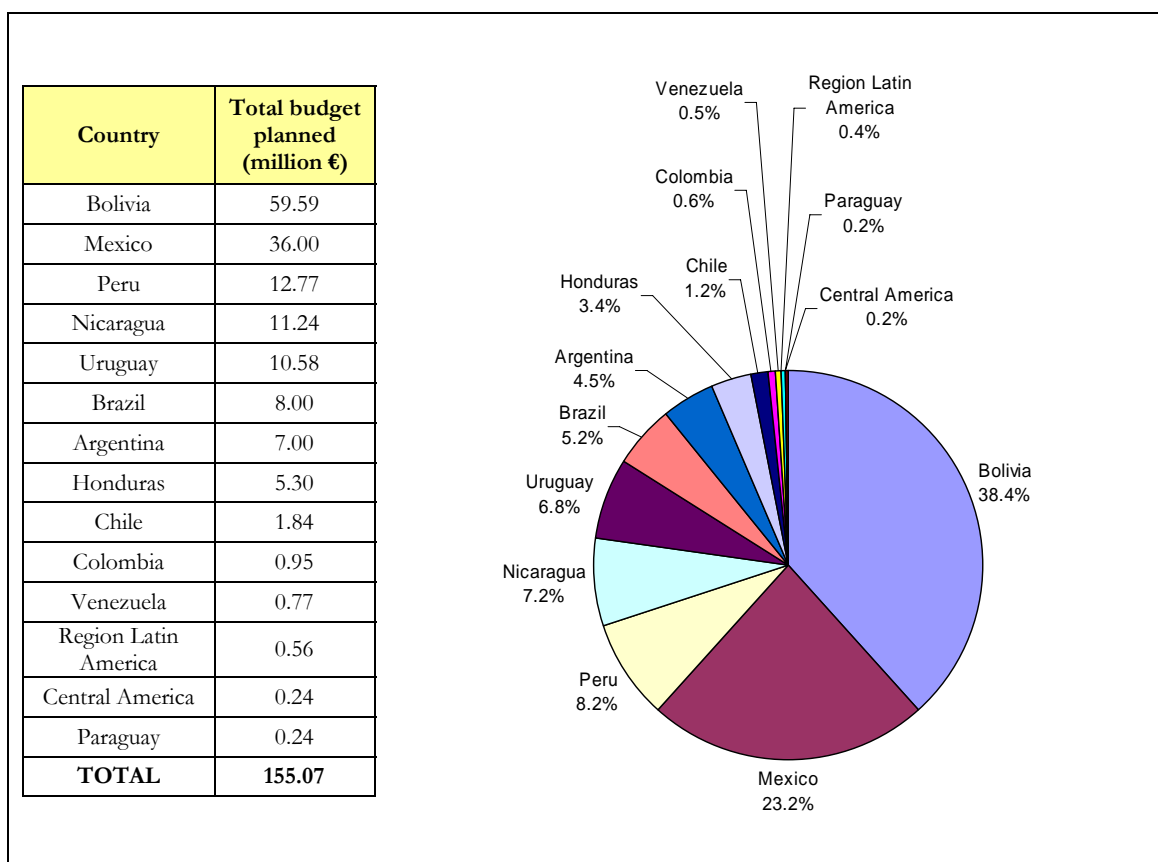
**Figure 11 - Budget distribution by type of activity (LA – 1994-2003)**



**b) By beneficiary country**

The analysis of the distribution of planned budgets between partner countries over the period shows that Bolivia and Mexico were the main beneficiaries, combining together more than 60% of the total planned budget. Peru, Nicaragua, Uruguay and Brazil came next with 5 to 8% each. The rest of the budget is spread between the 7 other partner countries and the regional level, which amounted only to 0.4% of the total.

**Figure 12 - Budget distribution by country (LA – 1994-2003)**



c) *By financing source*

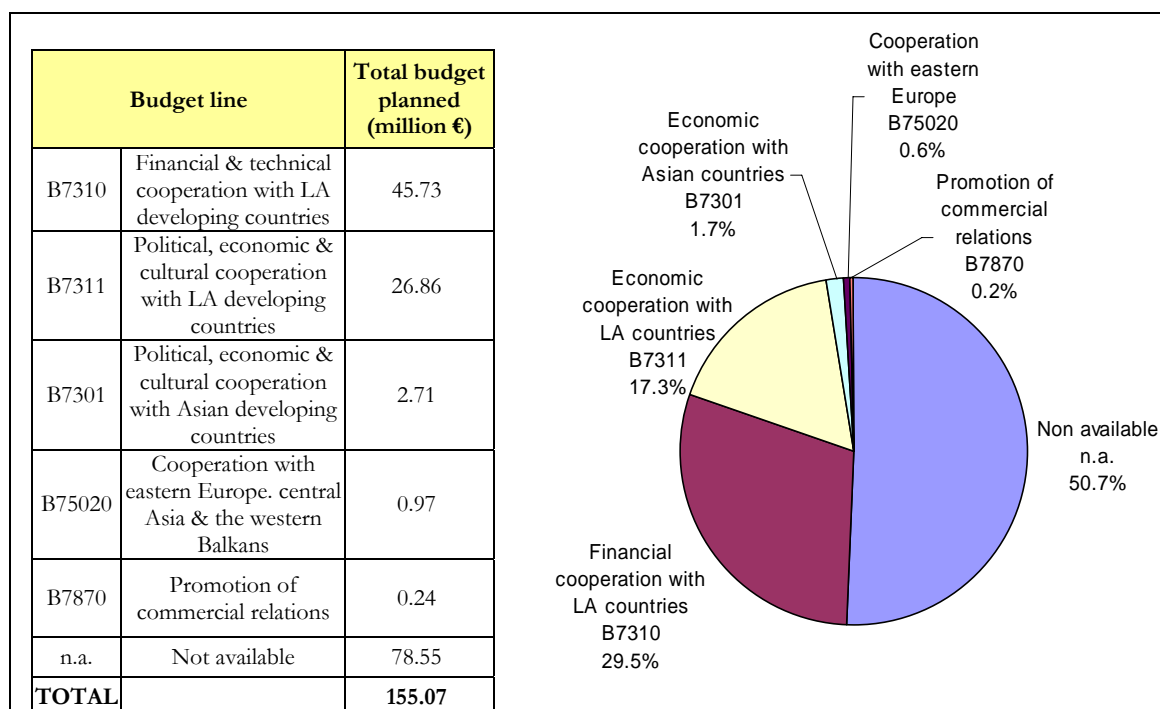
The CRIS database does not provide Budget Line numbers for about 50% of the total amount planned for PSD in the region.

On the other hand a project identified for Bolivia is incorrectly recorded by CRIS under BL 75020, *Cooperation with Eastern Europe, Central Asia & the Western Balkans*.

Taking these limitations into consideration, the analysis of the information available shows that 59% was planned under BL 7-310 *Financial & technical cooperation with LA developing countries*, and 34.6% under BL 7-311 *Economic cooperation with LA countries*.

According to CRIS, a few projects in the years 1994-95 were planned under BL 7-301 *Political, economic and cultural cooperation with Asian developing countries*, which is now used for Asian countries only. We understand that there was a change in the coverage of the BL, which would have earlier been used for the whole ALA region.

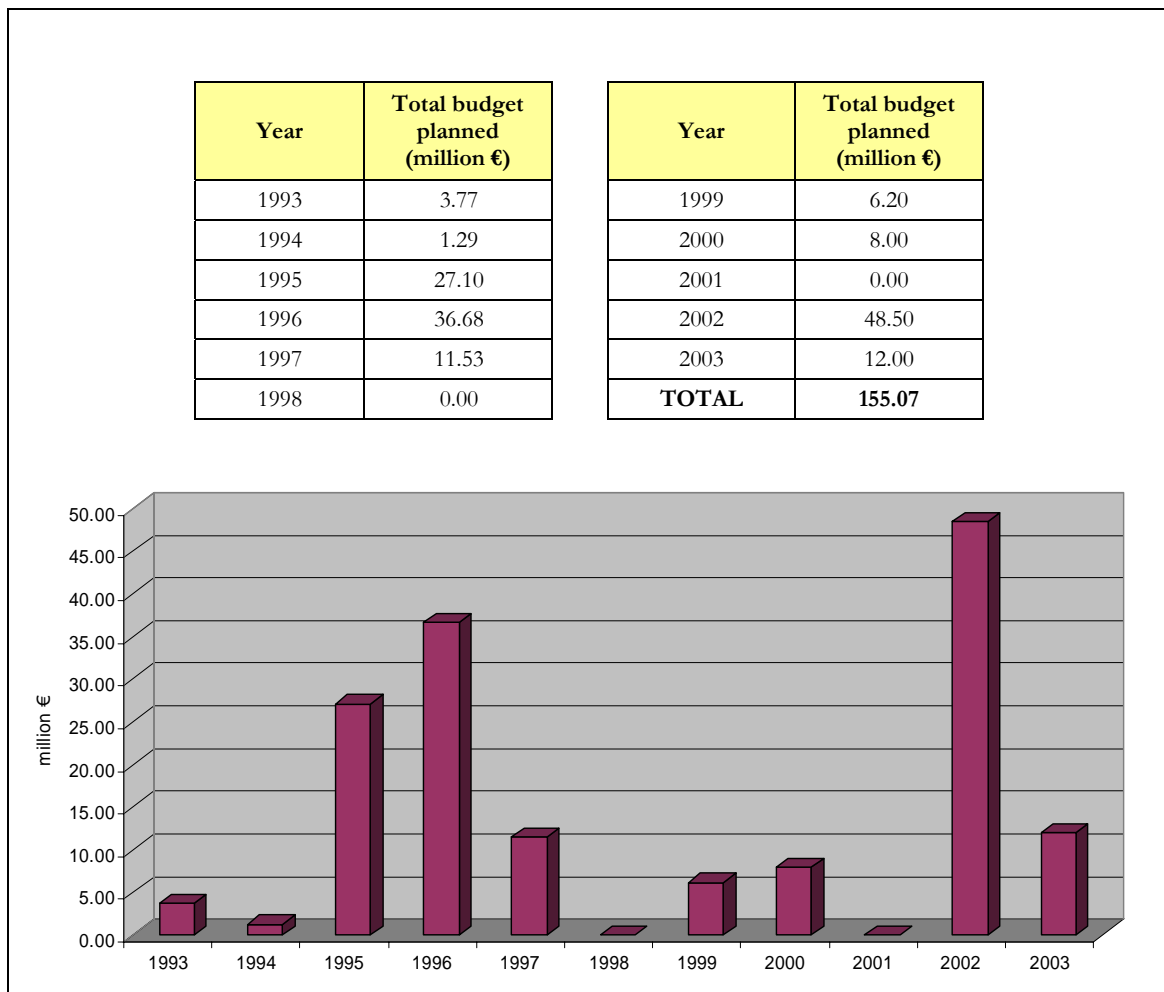
**Figure 13 - Budget distribution by financing source (LA – 1994-2003)**



d) *By date*

The distribution of planned budgets over the period 1994-2003 shows that most of the interventions were planned in 1995-96 and in 2002. It can be assumed at this stage that these important planning exercises correspond to new programming exercises for the region.

**Figure 14 - Budget distribution by year (LA – 1994-2003)**



### 3.2.4 MEDA

#### a) By type of activity

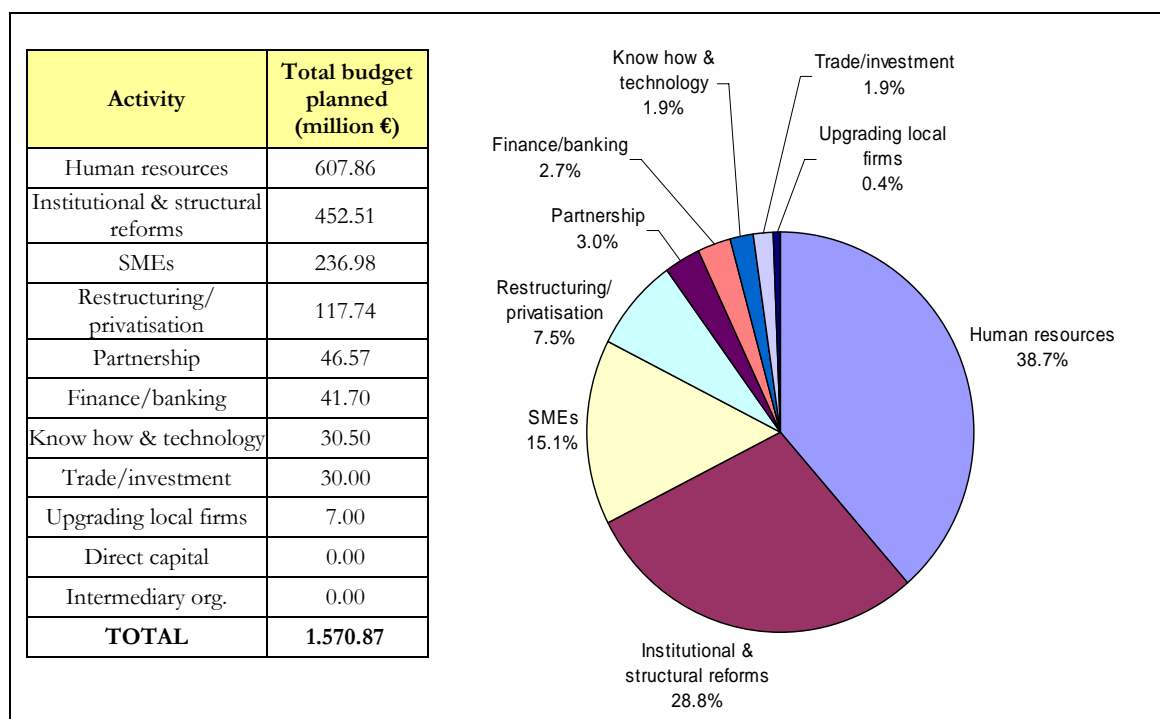
The various PSD projects planned in the MEDA area during the period under consideration were classified according to their main type of activity.

Figure 15 shows that *Support to enhance human resources and capacities* and *Support for institutional and structural reforms with a direct effect on PSD* are the most frequent types of activity in the region, representing respectively 39% and 29% of the total planned budget.

*Support to enhance human resources and capacities* represents mainly vocational education and training and updating of enterprises (“*mise à niveau*”) in specific industrial sectors.

*Support for the development and creation of SMEs and micro-enterprises* comes next with 15%, and is followed by *Support to firm restructuring & privatisation*, with 7%. Other types of activity represent only 3% or less.

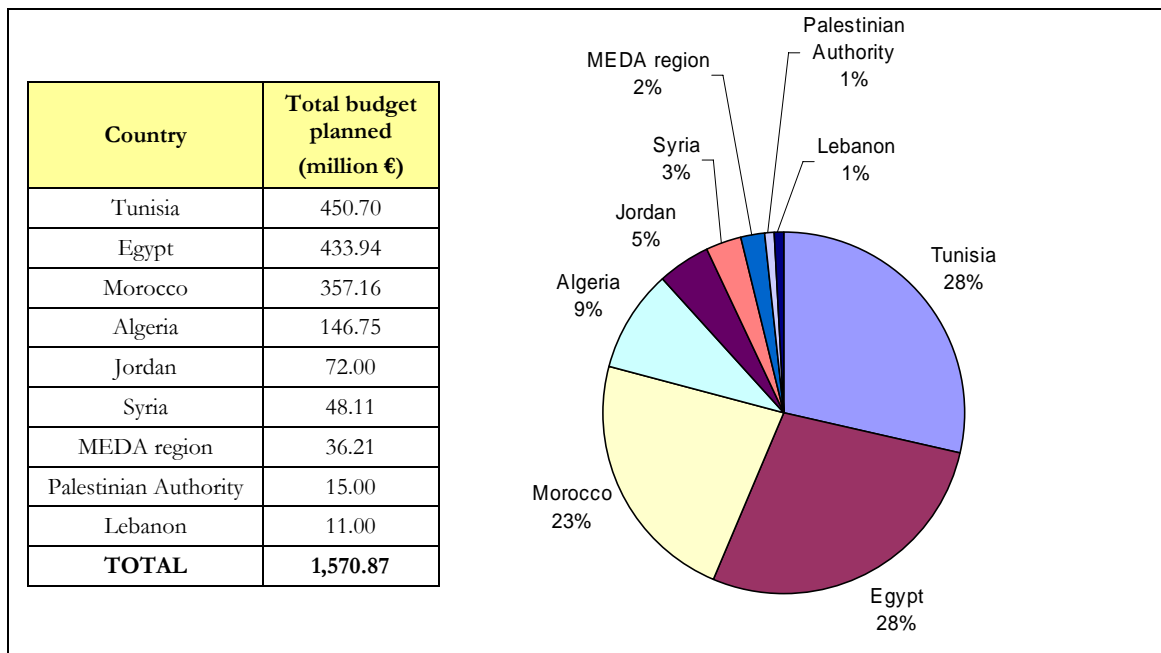
**Figure 15 - Budget distribution by type of activity (MEDA – 1994-2003)**



**b) By beneficiary country**

The analysis of the distribution of planned budgets between the partner countries over the period shows that 79% of these budgets were implemented in Egypt (28%), Tunisia (28% as well) and Morocco (23%). Planned budgets in Algeria represent 9%. Figures corresponding to other partner countries amount to 1 to 5%, while 2% were allocated to MEDA regional projects starting in 1997.

**Figure 16 - Budget distribution by country (MEDA – 1994-2003)**

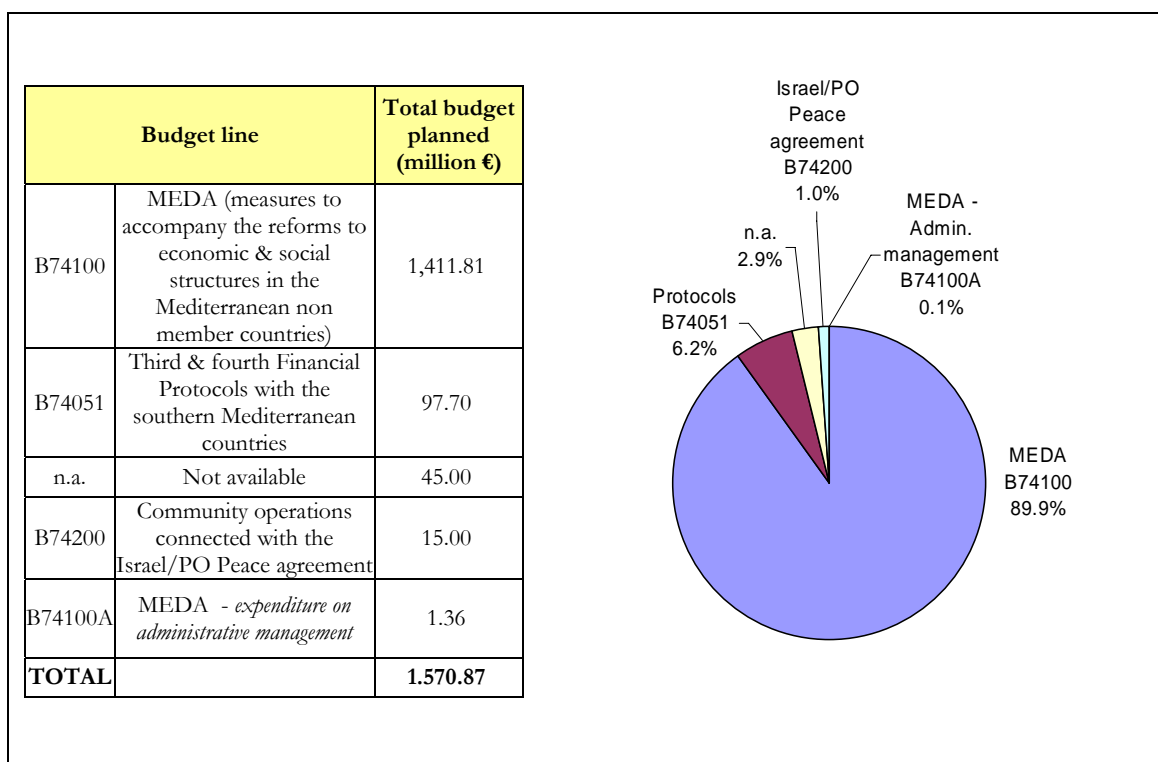


c) *By financing source*

90% of the EC interventions in the Mediterranean area in support to the private sector in the period 1994-2003 were planned under Budget Line B-74100. These interventions correspond to measures taken to accompany the reforms of economic and social structures in the Mediterranean non-member countries. Their total amounts over the period to € 1.571 million.

The other interventions were planned under the former Protocols or under the budget line specific to Community operations connected with the Israel/PO Peace Agreement.

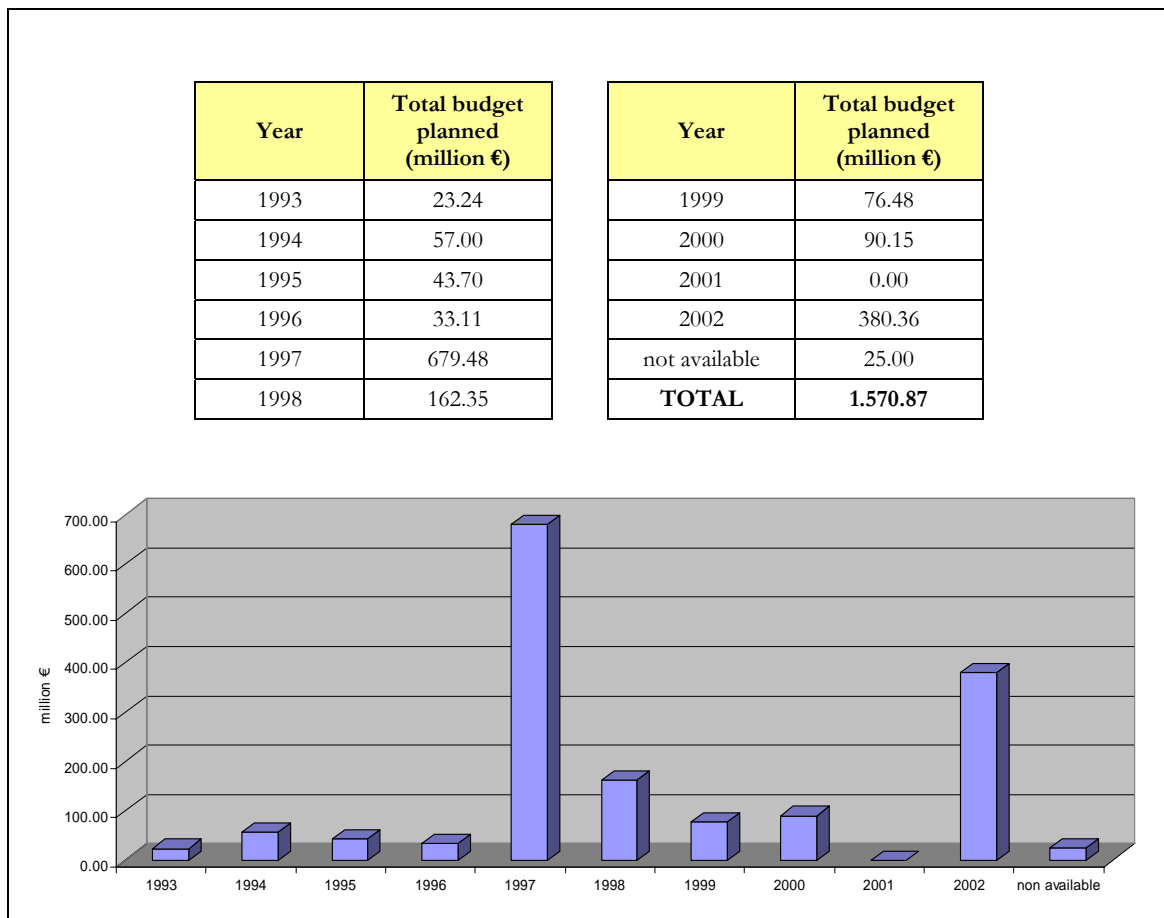
**Figure 17 - Budget distribution by financing source (MEDA – 1994-2003)**



d) *By date*

The distribution of planned budgets over the period 1994-2003 shows a high concentration in years 1997 and 2002. At this stage, it can be assumed that these amounts correspond to the planning of new interventions to be financed under the MEDA I and MEDA II programmes, corresponding respectively to the periods 1995-1999 and 2000-2006.

**Figure 18 - Budget distribution by year (MEDA – 1994-2003)**



### 3.2.5 CARDS

Since only 2 PSD-specific CARDS projects have been identified and extracted from the EC databases, there is no basis for a detailed statistical analysis by criteria. However the following comments can be made:

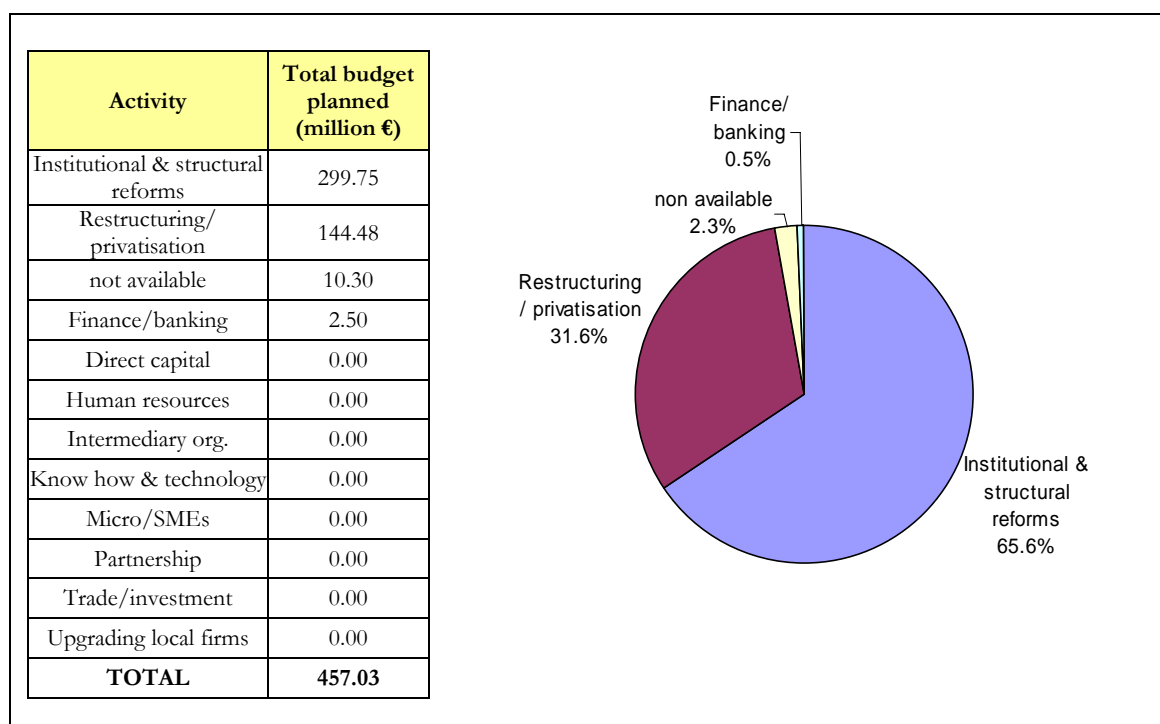
- Both projects are located in Bosnia Herzegovina. Their starting date is not available.
- They correspond to two types of activity: *Support for the development and creation of SMEs and micro-enterprises* (66%) on the one hand. and *Support to local financial institutions & reinforcement of a reliable financial system* (34%) on the other hand.
- The total planned budget amounts to 3.000.000 € and was planned under BL 7541 Assistance for the countries of Western Balkans.

### 3.2.6 TACIS

#### a) *By type of activity*

Contrary to the other regions, TACIS projects concentrated on three types of activities only. *Support for institutional and structural reforms with a direct effect on PSD* was the most frequently planned activity, with more than 65% of the total budget. *Support to firm restructuring & privatisation*, which amounted to 32%, comes next. Finally *Support to local financial institutions & reinforcement of a reliable financial system* received 0.5% of the budget.

**Figure 19 - Budget distribution by type of activity (TACIS – 1994-2003)**

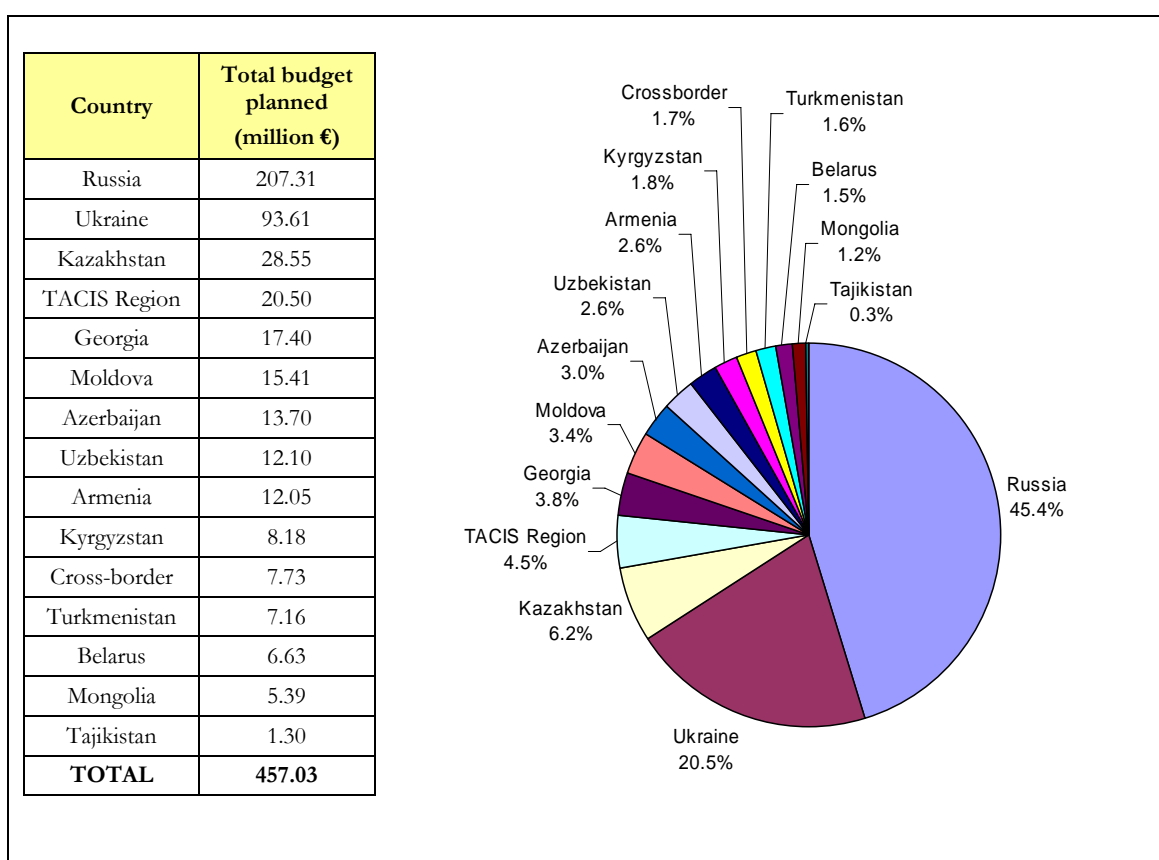


**b) By beneficiary country**

EC PSD projects were planned in all 13 countries of the TACIS region during the period 1994-2001. The largest share went to Russia (45% of the PSD planned budget) and to Ukraine (20%). The other TACIS countries planned PSD interventions for budgets ranking from 0.3% to 6% of the total.

The funds planned for PSD interventions through regional projects amounted to 4.5% of the total. Moreover, Cross-Border Projects received 2%.

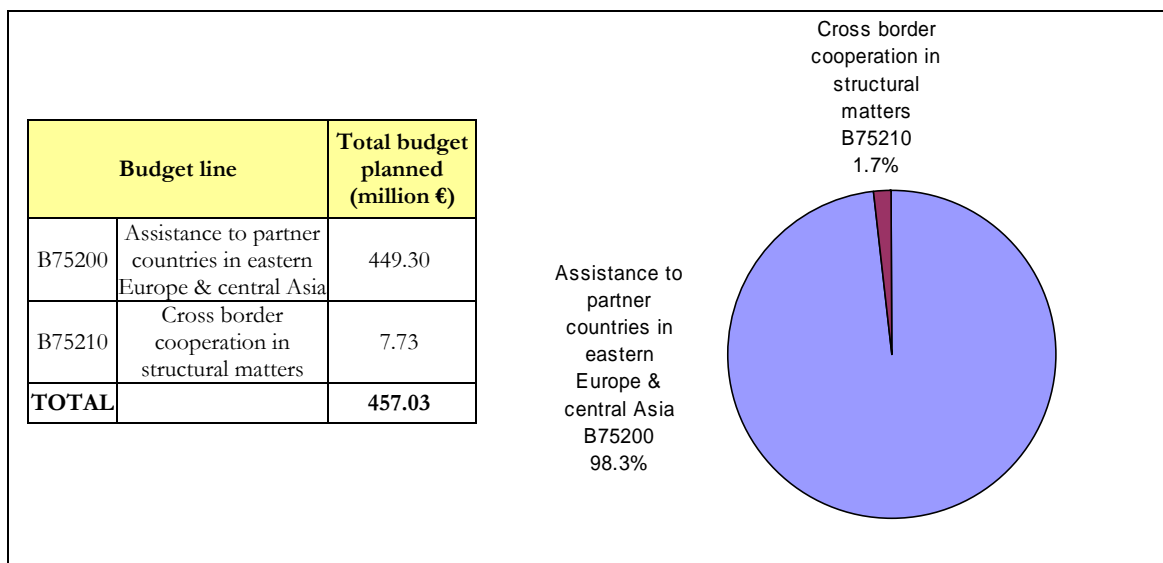
**Figure 20 - Budget distribution by country (TACIS – 1994-2003)**



c) *By financing source*

Nearly 99% of the EC interventions in the TACIS area in support to the private sector during the period 1994-2001 were planned under Budget Line B-75200, *Assistance to partner countries in Eastern Europe & Central Asia*. A small part of the budget, corresponding to the Cross-Border projects, comes from Budget Line B-75210 *Cross border cooperation in structural matters*.

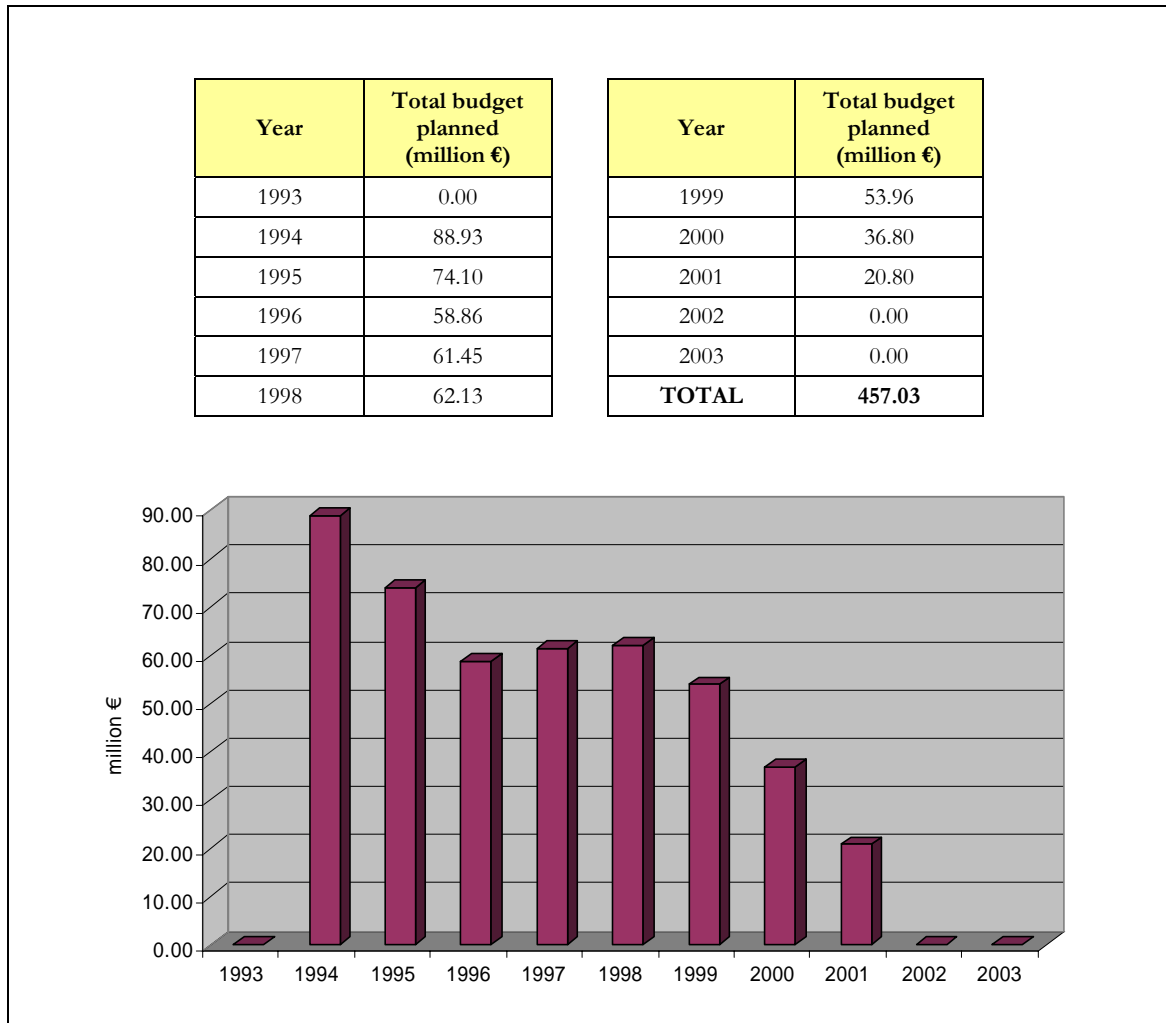
**Figure 21 - Budget distribution by financing source (TACIS – 1994-2003)**



c) *By date*

The planning of TACIS interventions for PSD was rather regular over the 1994-2001 period. However, a decrease in the budgeted amount is observed for the last two years of the period (2000-2001).

**Figure 22 - Budget distribution by year (TACIS – 1994-2003)**



## 4. Projects analysed during Desk Phase

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### 4.1 Introduction

This section presents the projects that were analysed during the first Phase of the evaluation. It is presented in a grid that includes project name and acronym, budget, starting date, objectives (overall and specific) as well as complementary information.

Following the review of policy and strategy documents, the evaluators focused on country and project documentation. On the basis of the project list constructed from the CRIS database, a preliminary list of countries, where PSD seemed to have received attention, was determined. This list was counterchecked with EuropeAid staff in the various Regional Units to complete or correct it. On the basis of this sample of projects, the evaluation team started collecting both country programming documentation (i.e. Country Strategy Papers, National Indicative Programmes, Delegation Annual Reports) and project documents (financing agreements, terms of reference, progress reports, monitoring and evaluation reports). To compensate for the lack of information in the CRIS databases, EuropeAid staff in various Units and sometimes Delegation staff were contacted to try to obtain project documentation. For ACP countries, a search in the archives of DG Development was carried out to find relevant documentation on selected countries. No project documents were made available to the evaluation team on PSD projects on TACIS or CARDS countries; for this reason the team has been unable to analyse support to private sector development in TACIS and CARDS countries.

## 4.2 ACP

PROJECT NAME	ACRONYM	BUDGET (MILLION €)	STARTING DATE	OVERALL OBJECTIVE	SPECIFIC OBJECTIVE(S)	COMPLEMENTARY INFORMATION
<b>Dominican Republic</b>						
Programa de Apoyo al Sector Privado 1996-2000	PASP	4.20	1996	Contribute to the adaptation, modernisation and restructuration of the Dominican economy.	To increase SMEs productive and commercial capacity. 4 components: a) support to SMEs, b) support to Intermediaries, c) support to financing d) political dialogue	Credit line managed by a local Bank. Credit range: € 10,000- € 50,000. Average term: 27 months. 50% to agro-industry. Payments defaults: 1% by end 1999. Beneficiary SMEs identified through intermediate organisations. Move from the original demand-driven attitude to a more pro-active behaviour by launching a series of participative enterprise diagnostics, intense promotion campaign (TV and press), and flexibility with regard to the 50% cost-sharing requirement. (Source: Annual Report 1998).
Programa de Apoyo a las pequeñas empresas 8/DO/7002/01	PRO-EMPRESA	9.80	2002	To enhance a consolidated, sustainable, equitable development, source of job creation.	To support the development of small enterprises with high growth potential, identified as the target group best able to contribute to the modernization of the local productive sector and to reaching the social impact looked for.	Project ongoing. No mid-term evaluation report available yet.

PROJECT NAME	ACRONYM	BUDGET (MILLION €)	STARTING DATE	OVERALL OBJECTIVE	SPECIFIC OBJECTIVE(S)	COMPLEMENTARY INFORMATION
<b>Ghana</b>						
Ghana Regional Appropriate Technology Industrial Service	GRATIS	Phase II: 3.00 Phase III: 4.35	Phase II: 1994 Phase III: 2000	To promote grassroots industrialisation through the establishment of a network of regional centres (ITTU) throughout the country.	Establishment of a network of 9 regional Industrial Technology Transfer Units (ITTU). Other elements of the programme include technical support, entrepreneurs training and a credit scheme for ITTU clients.	One component of the GRATIS project is a credit scheme for the ITTU clients including hire purchase of machinery and working capital.
SME Development Programme	SMEDP	4.80	1995	To assist small entrepreneurs to prepare a business plan and to secure funding of specific investment projects.	To provide financial assistance to SMEs to enable the preparation of business development plans and investments projects. Creation of the Business Development Planning Fund, managed by Empretec Ghana Foundation.	A low level of implementation was registered during the first 18 months, due to difficult macro-economic environment (high inflation and interest rates) and difficulties encountered by several companies to comply with managerial, legal and administrative requirements. By end 1997, improvements were observed.
Woodworking Sector Development Programme	WWSDP	4.85	1998	To improve the efficiency in the woodworking sector and widen Ghana's export base and revenue.	Better business and processing practices for woodworking sector SMEs.	

PROJECT NAME	ACRONYM	BUDGET (MILLION €)	STARTING DATE	OVERALL OBJECTIVE	SPECIFIC OBJECTIVE(S)	COMPLEMENTARY INFORMATION
<b>Kenya</b>						
Trade Development Programme I	TDP I	3.13	1996		To strengthen the institutional capacity of the Export Promotion Council (EPC), establish foundations for a national trade information centre, the Centre for Business Information in Kenya (CBIK).	
Trade Development Programme II	TDP II	8.00	2001		To broaden and deepen the results of TDP I with focus on a wide range of institutions, private and public, engaged in the delivery of services to exporters or in the development of export capacity.	Specific activities foresee: (i) institutional support and capacity building re trade policy, compliance with international agreements/regulations, regional integration; (ii) export finance assessment with analysis of export finance and credit guarantee mechanism; (iii) trade information with the development of CBIK; and (iv) enterprise level support for SME with product and market development (code of ethics, adoption of ISO and technology transfer).
Tourism Diversification and Sustainable Development Programme	TDSDP	24.00	2001		To carry on activities in the form of financial support and technical assistance in various areas.	Implementation started effectively in January 2003.

PROJECT NAME	ACRONYM	BUDGET (MILLION €)	STARTING DATE	OVERALL OBJECTIVE	SPECIFIC OBJECTIVE(S)	COMPLEMENTARY INFORMATION
<b>Niger</b>						
Agence de Financement et d'Encouragement de la Libre Entreprise au Niger 1993-1998 7/ACP/NIR/004	AFELEN	Equipment and operating: 3.35 Credit line: 8.65	1993	Objectives not specified. It can be deduced from the F.A. that the project will assist the Niger government in its policy of strengthening the private sector to compensate for the State's "disengagement".	The project will try to compensate for the lack of financial resources for the private sector. Funds will be deposited in 3 local banks that will grant credit to beneficiaries according to AFELEN's instructions.	Non-profit organisation made of representatives of professional sectors, under permanent audit. The Niger Govt put in place in early '90s a set of 18 rules that would govern the public policy of support to the private sector. AFELEN to follow these rules. No final project evaluation performed but project fully privatised by end 2003. Credit no longer provided under this new arrangement - services and guarantees only offered to investors, commercial banks providing the credit side of the operations (Source: Delegation in Niamey).
Projet d'Appui et de Suivi des PME 8 ACP NIR 38	PASPME/TA NYO		2001	To contribute to the development of the private sector by facilitating access for SMEs to bank financing.		Project taking over from AFELEN. Work as an intermediary between banks and SMEs. Set up a Guarantee Fund with the funds still available from former AFELEN - was mandated to follow up the recovery of AFELEN's credits. Identifies and assess investment programmes submitted by entrepreneurs, forwards them to the banks with a max. 50% guarantee, and in case of agreement by the bank, offers a project follow up during the loan duration.

PROJECT NAME	ACRONYM	BUDGET (MILLION €)	STARTING DATE	OVERALL OBJECTIVE	SPECIFIC OBJECTIVE(S)	COMPLEMENTARY INFORMATION
<b>Senegal</b>						
Appui au Développement des PME dans la Région de Dakar	Dakar PME	1.99	1995	Contribute to the development of private economic activities in the region of Dakar.	Reinforcement of the existing SMEs, promotion of new enterprises, creation of an economic network generating jobs. Access to credit to finance investments of entrepreneurs.	46 projects financed by end 1997. Results achieved, but below expectations.
Programme de Développement de la Région de St Louis	St Louis DP	Total: 22.5 PSD Support: 7.6	1994	Support to the economic development and the well being of the population at the economic, medical and environmental levels.	Support to private sector: creation of a economic network in the private sector, in order to promote the development of productive activities and to create jobs. The beneficiaries are Senegalese (future) entrepreneurs that have difficulties to access to the classic banking system.	Judiciary procedure because of a embezzlement of assets.
Appui au développement économique de la région de Ziguinchor	Ziguinchor DP	1.99	1994	Contribute to the development of private economic activities in the region of Ziguinchor.	PROPAC: support to fishery enterprises. PME: promotion of new enterprises, creation of an economic network generating jobs. Access to credit, information and sensibilisation, support to the creation of dossiers.	PME: By end 1997, 137 dossiers, 78 projects financed. Results achieved, but below expectations.

PROJECT NAME	ACRONYM	BUDGET (MILLION €)	STARTING DATE	OVERALL OBJECTIVE	SPECIFIC OBJECTIVE(S)	COMPLEMENTARY INFORMATION
<b>Uganda</b>						
Support to Feasible Financial Institutions and Capacity Building Efforts	SUFFICE	Phase I: 1.70 Phase II: 3.55	Phase I: 1999 Phase II: 2003	Develop an inter-linked chain of sustainable and efficient financial institutions offering unsubsidised, high quality and diversified financial products and services to micro and small entrepreneurs in urban and rural areas of the country.	Programme aimed at supporting the development of appropriate financial systems for micro and small enterprises. Amalgamation of 3 credit programmes previously funded under the 7th EDF Micro projects. Three 3 key components: financial services, capacity building and research and documentation.	According to the MR, good overall assessment of SUFFICE Conception relevant according to PSD in the country and good progress made in achieving planned results (Source: project synopsis and monitoring report). In 2001, 7 micro finance institutions received loan fund finance and 6 received matching grants for capacity building (source: MR). The SUFFICE project had problems of donor competition (source: Country Strategy Evaluation 2001).

PROJECT NAME	ACRONYM	BUDGET (MILLION €)	STARTING DATE	OVERALL OBJECTIVE	SPECIFIC OBJECTIVE(S)	COMPLEMENTARY INFORMATION
<b>Zambia</b>						
Export Development Programme	EDP I	10.00	1993	To double foreign exchange earnings from four sectors with significant growth potential (coffee, horticulture / flowers, tobacco and cotton textiles) through support to the exporters' professional associations.	Activities leading to reforms concerned: (i) the introduction of quality control, maintenance and inspection procedures and establishing of laboratories for testing; and (ii) market research and market development activities, including the monitoring of world market trends and identification of market opportunities / requirements. Other activities included: financing (EFF), training, X promotion, etc.	Activities were carried out through intermediate organisations, which as a consequence developed in terms of number and membership. In Zambia, this type of project (support to intermediary organisations) seen as a priority.

### 4.3 Asia

PROJECT NAME	ACRONYM	BUDGET (MILLION €)	STARTING DATE	OVERALL OBJECTIVE	SPECIFIC OBJECTIVE(S)	COMPLEMENTARY INFORMATION
<b>ASIA</b>						
Asia-Invest	Asia-Invest	Phase I: 30 Phase II: 35	Phase I: 1997 Phase II: 2003	Asia-Invest is a European initiative that aims to promote and support Euro-Asian business cooperation. The programme provides assistance to intermediary organisations to facilitate mutually beneficial partnerships between companies in Europe and Asia, as well as to strengthen the framework conditions to increase trade and investment flows between the two regions.	Specific objective: More business-to-business matchmaking opportunities and partnership building. Three instruments: Asia-Venture (small scale), Asia-Enterprise (medium scale) and Asia-Partenariat (large scale). Other specific objectives of the programme: Enhancing Asian private sector development, and increasing institutional capacity building, networking and dialogue.	Results of Phase I (1997-2001): 143 projects supported, 60 business match making meetings, 70 seminars, 600 commercial partnerships. Targets? Phase II (2003-2007) ongoing (calls for proposals).

PROJECT NAME	ACRONYM	BUDGET (MILLION €)	STARTING DATE	OVERALL OBJECTIVE	SPECIFIC OBJECTIVE(S)	COMPLEMENTARY INFORMATION
<b>VIETNAM</b>						
Technical Assistance Programme for Transition to Market Economy	Euro-TAP	Phase I: 19.00 Phase II: 11.03	Phase I: 1993 Phase II: 2002	Reforms in various fields.	Components include: (a) Accounting and auditing. (Introduction of practices and harmonization with European standards.) (b) Liberalization of insurance market. (New legislation, increase technical expertise among local companies, introduction of European practices and liberalization of market.) (c) Standards and Quality Assurance Project. (d) Intellectual property rights. (legislative and regulatory framework.)	Status: Completed (Source: Evaluation of Euro-TAP).
Private sector support programme	PSSP	9.05	2003	To improve capacity to dialogue between government and professional organisations.		Status: On going (very recent).

PROJECT NAME	ACRONYM	BUDGET (MILLION €)	STARTING DATE	OVERALL OBJECTIVE	SPECIFIC OBJECTIVE(S)	COMPLEMENTARY INFORMATION
Small and Medium Enterprise Development Fund	SMEDF	Phase I: 0.97 Phase II: 1.00	Phase I: 2000 Phase II: 2002	To provide improved financial services to SMEs to enhance social and economic development in 21 provinces in Vietnam. Achieved through a refinancing facility operated through selected Vietnamese commercial banks from on lendings at commercial rates to SMEs.	Includes a component aiming at improving access to credit through the establishment of a revolving fund, working through local financial institutions (i.e. 5 commercial banks). It also contains a component aimed at the reform of financial sector to develop the capacity of financial sector to mobilize and mainstream savings towards SMEs.	The reform component failed. (Source: SMEDF evaluation).
Small Project Facility	SPF	2.00	2003	Promotion of dialogue between government, donors and civil society (including professional organizations).		Status: On going (very recent).

#### 4.4 Latin America

PROJECT NAME	ACRONYM	BUDGET (MILLION €)	STARTING DATE	OVERALL OBJECTIVE	SPECIFIC OBJECTIVE(S)	COMPLEMENTARY INFORMATION
AL-INVEST 1994-ongoing	AL-INVEST	Pilot Phase + Phase I + Phase II : 98.00	1994	Increasing European investments in Latin America, as well as enhancing commerce between both regions.	Al-Invest is a Programme of the European Commission (EC) to support in a systematic and continual way the investments, transfers of technology, joint ventures and long-term trade agreements between companies of the European Union and Latin America.	Works through sectoral meetings, where EU and L.A. companies can agree investments and commercial agreements. Demand-driven. Results: period 1996-2002: an average of more than 45 events per year, with over 35.000 enterprises participating. Average value of trade agreements (615): € 273.000. Average value of investment agreements (68): € 704.000. Return of the activities ("taux de succès") assessed to 7 to 1 (Source: AL INVEST website and EuropAid). NB: high concentration of activities in the 5 large Latin American countries. Phase III for an amount of € 46 mill to be launched in 2004.

#### 4.5 MEDA

PROJECT NAME	ACRONYM	BUDGET (MILLION €)	STARTING DATE	OVERALL OBJECTIVE	SPECIFIC OBJECTIVE(S)	COMPLEMENTARY INFORMATION
<b>EGYPT</b>						
Industrial Modernisation Programme 2000-2006	IMP	250.00	2000	To promote GDP growth and the competitiveness of the private enterprise sector, with special emphasis on SMEs in the context of liberalisation and internationalisation. Will also foster employment and entrepreneurship.	To assist private enterprises in their development. To strengthen business associations, support institutions and services. To strengthen the Ministry of Industry. To improve the sector policy framework.	Designed to be complementary to three ongoing projects (at the design time): Public Enterprise reform and Privatisation, Banking Sector Support Programme, Social Fund for Development. Would integrate several features of EU- PSDP. Special focus on SMEs (Source: MR 2003) Components: Industrial Modernisation Centre. Policy support activities. TA on foreign investment, exports, competitiveness, business management, industrial training. 20 Business Resources Centres. Institutional development. Programme audit, monitoring and evaluation activities. (Source: F.A + MR 2003.).

PROJECT NAME	ACRONYM	BUDGET (MILLION €)	STARTING DATE	OVERALL OBJECTIVE	SPECIFIC OBJECTIVE(S)	COMPLEMENTARY INFORMATION
Private Sector Development Programme	PSDP I	25.00	1996	To promote economic growth and diversification and the development of a market economy in Egypt through assistance to private business.	To improve the performance of enterprises in local, regional and international markets and thus increase outputs, exports and employment.	Status: End of Phase I in 2001. Followed by Phase II. Components: Business Support programme: - Business upgrading. - Marketing and export development. - Business collaboration. - Information. - Institutional development programme.
Private Sector Development Programme EGY/B74051/IB/98/0316	PSDP II	20.00	1999	Phase II will pursue the overall objective of increased growth and competitiveness of the private sector.	To improve the performance of the private local businesses (in particular SMEs) in local, regional and international markets, increasing output, quality, exports and employment. To raise awareness of and to improve business support services by means of support to business support organisations and the local consulting industry. To provide business support operations that will be consistent with the overall aims and objectives of the Egyptian IMP, once it becomes operational.	Components: Business Support programme: - Business upgrading. - Marketing and Export development. - Business collaboration. - Information. Institutional development programme.  The results of both phases were evaluated together in a single report in January 2001 (IPR).

PROJECT NAME	ACRONYM	BUDGET (MILLION €)	STARTING DATE	OVERALL OBJECTIVE	SPECIFIC OBJECTIVE(S)	COMPLEMENTARY INFORMATION
Social Development Fund II <i>Component:</i> Enterprise Development Programme (EDP - SEDO)	SDF II, EDP - SEDO	88.00	1998	To create employment through support for new and existing enterprises by providing a package of TA, training and credit.	To create target-driven financially sustainable credit and services to small enterprises (SMEs). To develop a commercial approach that maximises revenues and minimizes costs. To provide service and credit packages that are required by customers. To create 20 to 25% of all non- farm jobs required annually in Egypt. To maintain the value of capital with a real positive return To focus all SEDO activities on small (and medium) sized enterprises' customers needs.	Financial and non-financial services. Non-financial services (NFS). awareness of existing services and potential benefits relatively low. (Source: Evaluation of SEDO NFS, 2003). Banks attitude not easy to change. SEDO does not provide enough incentives to and within banks to stimulate SMEs lending or develop their internal capacity to make such loans (Source: Multi Donor Review 2000 p.92). Aimed originally at low income beneficiaries but its targeting has become less focused in recent years, this leading to more potential entrepreneurs. SEDO opted for the broad target group but retains a de facto subsidized approach (Source: Multi Donor Review 2000 p.95).

PROJECT NAME	ACRONYM	BUDGET (MILLION €)	STARTING DATE	OVERALL OBJECTIVE	SPECIFIC OBJECTIVE(S)	COMPLEMENTARY INFORMATION
Social Development Fund (SFD) II	SFD	155.00	1998	To promote economic growth, reduce unemployment, create jobs and contribute to overall poverty reduction in Egypt. The programme will alleviate constraints facing the micro and small business sector in Egypt and strengthen the productive capacity of Egypt.	To improve and expand sustainable job creation in Egypt through credits to micro and small enterprises in order to increase their output and employment. The Enterprise Development Programme (EDP) seeks to increase employment and income generating opportunities in the small enterprise sector, by encouraging the creation of new business and the expansion of existing productive activities. This is achieved by providing small businesses and potential entrepreneurs with TA, training and know-how and credit.	Components: - Enterprise Development Programme (EDP-SEDO) - 88 mio - Community Development Programme (EDP) - 28 mio - Public Works Programme (CDP) -16 mill - Human Resources Development Programme (HRDP) -8 mill - Institutional Development Programme (IDP) - 7.2 mio.
Competitive Upgrading of SMEs (EIB)		25.00	1998	Competitive Upgrading of SMEs	Risk capital facility provided via the EIB through local banks. (Source NIP 1996-99)	Followed by EIB initiatives to complement IMP: innovative capital initiative; credit line for PSD via Egyptian banks. March 2002: launching of FEMIP (Source: Annual report 2002).

PROJECT NAME	ACRONYM	BUDGET (MILLION €)	STARTING DATE	OVERALL OBJECTIVE	SPECIFIC OBJECTIVE(S)	COMPLEMENTARY INFORMATION
<b>JORDAN</b>						
Industrial Modernisation Programme: Euro-Jordanian Action for the Development of Enterprise 2001-2005	EJADA	40.00	1999	To enhance the capacity of the private sector, in particular SMEs, to contribute to the growth of GNP per capita as well as to facilitate the insertion of Jordan into Euro-Mediterranean Free Trade Area.	<ol style="list-style-type: none"> <li>1. To improve the performance of private industry through the provision of non-financial services for beneficiary enterprises and strengthening SME support institutions.</li> <li>2. To enhance the availability and effectiveness of financial instruments, especially for medium and long-term financing.</li> <li>3. To strengthen the capacity of vocational training and other education provider to contribute effectively to the aims of industry modernisation.</li> <li>4. To strengthen the institutional capacity of the MIT and Ministry of Planning and to assist Jordanian institutions to establish a conducive environment, including policy support to ensure smooth implementation of the Association Agreement.</li> </ol>	<p>Components:</p> <ul style="list-style-type: none"> <li>- Direct, non-financial support to SMEs.</li> <li>- Financial support schemes for SMEs and start-ups at reasonable rates of interest.</li> <li>- Vocational training and human resources development.</li> <li>- Policy support and institutional strengthening.</li> </ul> <p>A Government Decree was issued in June 2003 (with € 7.7 mio budget) for the creation of a Jordan Enterprise Development Corporation that will implement JUMP, a Jordan Upgrading Modernisation programme that will ensure a follow up to EJADA programme after 2005 (Mid-term evaluation of EJADA, page 67).</p>

PROJECT NAME	ACRONYM	BUDGET (MILLION €)	STARTING DATE	OVERALL OBJECTIVE	SPECIFIC OBJECTIVE(S)	COMPLEMENTARY INFORMATION
Private Sector Development Programme 1996-2001	PSDP	7.00	1997	To increase real income, growth and employment creation through increased competitiveness and productivity of the private sector.	<p>To intervene in an integrated way in favour of PS development in a number of key areas:</p> <ul style="list-style-type: none"> <li>- to render individual enterprises more efficient and stronger through acquisition of know-how, training and improved management;</li> <li>- to make good quality information on domestic, regional and international markets more widely available;</li> <li>- to promote the establishment of effective and durable collaboration, joint-ventures and partnerships with EU firms;</li> <li>- to help business associations to act as a service providers to their private members;</li> <li>- to help business associations become more effective in their task of improving the environment for the private sector in general and for their members in particular.</li> </ul>	<p>Activities:</p> <ul style="list-style-type: none"> <li>- Business Support services: business upgrading; business collaboration and investment promotion; information and data services.</li> <li>- Development of Business Associations: support to their development through analysing and articulating their members' interests and identifying the types of services they require". (Source: Project Synopsis).</li> </ul>

PROJECT NAME	ACRONYM	BUDGET (MILLION €)	STARTING DATE	OVERALL OBJECTIVE	SPECIFIC OBJECTIVE(S)	COMPLEMENTARY INFORMATION
<b>TUNISIA</b>						
Euro-Tunisia Enterprise	ETE	Phase I: 20.00 Phase II: 20.00	Phase I: 1996 Phase II: 2000	Support to the economic transition process in Tunisia and in particular the process of economic modernisation, which should enable Tunisia to face the challenges and retrieve the benefits related to the liberalisation process foreseen in the EU-Tunisia Association Agreement.	ETE objective is to implement an integrated intervention in favour of the private sector. It aims at increasing the efficiency of enterprises through the acquisition of technical knowledge, the use of performing management and production methods, training and the access to appropriate financial means. The needs in terms of specific information on internal, regional and international markets are also taken into consideration.	ETE should have started in 1997 but actually started end 2000. Promotion of inter-sector fairs, which is said to increase the likelihood of partnership (Source: PSDP Operational Evaluation Report, Oct 2002). ETE and IMP are implemented through intermediate organisations which remain closely related to the Tunisian state (e.g. CEPEX, FAMEX). Private sector organisations are less represented.

PROJECT NAME	ACRONYM	BUDGET (MILLION €)	STARTING DATE	OVERALL OBJECTIVE	SPECIFIC OBJECTIVE(S)	COMPLEMENTARY INFORMATION
Industrial Modernisation Programme	IMP	50.00	2002	Supports the actions of the GoT aiming at an economic and social sustainable development of the country in the context of the EU-Tunisia EPA. Aims at easing the insertion of the Tunisian economy in the Euro-MED FTA by increasing the general level of Tunisian enterprises productivity and fostering industrial reorientation.	Foresee reforms related to: (i) quality-Metrology-Normalisation with support to the upgrading the Tunisian legal framework related to normalisation (technical norms, conformity and evaluation methods) and to the implementation of the national metrology system (insertion of the national metrology system into the official international instances and its conformity with international standards); (ii) reinforcement of the national system of patent management with strengthening of the national industrial property system; and (iii) support to the new system of financial guarantee aimed at improving the access of SMEs to financing.	IMP started in June 2003. (Source: IMP FAs and TAPs.)

## 5. Synthesis of findings from Desk Phase

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### 5.1 Introduction

This section presents the main factual findings collected through the analysis of documents, interviews in Brussels and the survey. They are organised and presented as follows: Section 5.2 on relevance, Section 5.3 on effectiveness, Section 5.4 on sustainability, Section 5.5 on efficiency, Section 5.6 on coherence, Section 5.7 on co-ordination and Section 5.8 on crosscutting issues.

### 5.2 Relevance

The collection of information was mainly focused on the relevance of the specific objective of the PSD support strategy with respect to EC development and cooperation objectives. Indeed, EC support to PSD will be relevant if the low competitiveness of the business sector in partner countries is a major constraint preventing progress towards the EU development and cooperation objectives in these countries<sup>6</sup>. A direct assessment of such a politically fundamental assumption could not be carried out in the framework of this evaluation. However, it was essential and possible to at least verify whether the EC has analysed this assumption and how. Two criteria were considered: Whether the strategy explicitly substantiates the fact that a more competitive private sector contributes to achieving the objectives of the EC development and cooperation policy and whether this justification is shared by the main donors and Member States.

#### 5.2.1 Is the main assumption justified in EC PSD documents?

Regarding the first criterion, it was found that EC PSD policy papers as well as country specific papers issued during the period under review do not provide any demonstration or justification of the contribution of more competitive enterprises to the different goals of the external policy of the EU. The necessity of enhancing the competitiveness of the private sector in order to reduce poverty is in general taken for granted:

##### a) *General PSD policy documents*

- The **Guidelines** for EC support to PSD stress the importance of private sector development for addressing the issue of poverty (ACP), for contributing to the setting up of a free trade area (MED), or for supporting the transition towards a market economy and a security framework (CARDS). Three paragraphs are dedicated to

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<sup>6</sup> These objectives include: poverty reduction; integration in the world economy; sustainable development; peace, political stability and security; and the enhancement of the political, economic and cultural presence of the EU.

stressing (but not to demonstrating) these links, referring to EC Communications and to the World Bank and the DAC documents.

- The **COM(2003)267** (page 2) indicates *“The wide consensus reflects the perception that economic growth creates the resources to combat poverty and that business development and a dynamic private sector are essential for economic growth, providing the main source of employment in developing countries...”* The communication explicitly refers to international sources, the DAC and the World Bank for which specific documents are identified, and other institutions such as the UN and the IFC.
- **COM(2003)587** “Shaping the support to PSD in the Mediterranean” provides some analytical elements featuring the causes of a weak private sector development in the Mediterranean countries.
- The last two documents are recent and had no influence on the programmes under review. The recent evaluation of the economic cooperation between the EC and the MED countries carried out by ADE stresses (page 61) that *“the absence in the period under scrutiny, of any analytical document that would have reflected the EC assessment of the economic and social situations in the various MED countries, indicating which weaknesses it considered as the most acute and how it therefore selected... its intervention.”* and also confirms that the new CSPs covering the period 2002-2006 are an important step forward.
- In an attempt to clarify the definition of EC economic cooperation several references are made to the links between Economic Cooperation and the different goals of EC external policy (ADE, 2002, “Clarifying the definitions of European Commission economic cooperation with third countries”, pages 25 to 31). In this document, Economic Cooperation is defined as having three major components: trade facilitation, direct support to enterprises and improving the institutional and economic environment. The two latter are part of the present concept of PSD support.

#### b) Country level documents

No explicit justification or mention has been found in programming or other country documents in relation to the contribution of PSD interventions to achieving EU external policy objectives. An exception is that many country documents mention that PSD will contribute to greater integration into the world economy. Most country programming documents also state that PSD increases economic growth and employment. In some cases it is further stated that an increase in employment contributes to reducing poverty, particularly when programmes target micro-enterprises and the informal sector:

#### Dominican Republic

- Under the 9<sup>th</sup> EDF, PSD interventions are no longer seen as a priority in the NIP, since the country can continue to benefit from the various ACP programmes aimed at PSD (EBAS, CDE, regional programmes like Caribbean Export, etc) and possible EIB assistance (Source: CSP and NIP 2001-2007, page 20). However, the Country Strategy Evaluation mentions that PSD may be seen as necessary in the context of a possible Economic Partnership Agreement with the EU. In that case, it should focus on targeting poverty reduction (page 67).

### **Kenya and Zambia**

- The CSP and other country reports mention the linkage from PSD to increased export capacity, to job creation and finally to poverty alleviation, but do not provide any justification. For instance, according to programming documents, the TDP is supposed to contribute to improving the country's terms of trade and to accelerating export and private sector-led growth and employment creation in Kenya.

### **Vietnam**

- The CSP mentions the objective of contributing to the export-led development of Vietnam in coherence with the government's own policy. The strategy is oriented to reform towards a market economy. The promotion of the private sector is an area of the EC-Vietnam cooperation along with reform of State Owned Enterprises (SOEs), employment creation *via* increased numbers of small and medium-sized enterprises, modernisation of Vietnam's economy and maximisation of export and industrial cooperation opportunities.

### **Egypt**

- In the case of the project "Social Fund for Development", the primary objective of the intervention is poverty reduction. The project includes an important component of SME support (with a focus on micro and small enterprises) for which the objective is employment creation.

### **Tunisia**

- The CSP establishes a strategy centred on realisation of the objectives of the Association Agreement (AA), including implementation of the FTA *via* the upgrading of Tunisian industry to meet the challenges of increased external competition, export-based economic growth and promotion of private investment. PSD should contribute to the integration of Tunisia in the world trading system, which contributes to the country's sustainable development. No justification or explanation of the causal link is given.

## **5.2.2 Is this shared by other donors?**

Regarding the second criterion, it was found that other donors share the view that PSD is a critical dimension of economic growth, hence of poverty reduction. Their experience show that, though the link between a more competitive PS and reduced poverty is not really challenged, systematic analysis of this relation allows broadening of the scope of impacts of PSD to poverty reduction and hence designing of the interventions in support to PSD to maximise their effects on goals such as poverty reduction.

### a) *The World Bank*

The WB private sector development strategy (2002) shows a clear concern for linking PSD and poverty reduction. This link also justifies the main features of the WB support to PSD. “PSD (which includes firms and farms) is critical for poverty reduction in two major ways. First, private markets are the engines of productivity growth and thus create productive jobs and higher incomes. Second, complementary to government roles in regulation, funding and provision, private initiative can help provide basic services that empower the poor by improving infrastructure, health and education.” This second aspect does not appear as such in EC policy documents. In order to progress along these two complementary lines, the main dimensions of the WB approach are the following:

- Opportunity: extending the reach of the market
  - a) Enhancing the investment climate, with a special concern for rural areas and for ensuring that politically weak entrepreneurs actually have access to safe property rights and business oriented services, and are protected against harassment.
  - b) Direct public support to firms, under two conditions:
    - It should be done only under a sound investment climate
    - Both financial and advisory support should be aligned with market forces
- Empowerment: improving access to basic services
  - a) Infrastructure (utilities, telecoms)
  - b) Social services (health, education)

### b) *The Development Aid Committee at the OECD*

The DAC orientations for development cooperation in support to PSD (1993) also make the link between PSD and poverty reduction, notably through providing job opportunities, *wealth, dynamism, and knowledge*, but also because PSD contributes to *creating new stakeholders in the economy, advancing the development of a more pluralistic civil society that can lead to more accountable political systems and rising labour standards*.

## 5.3 Effectiveness

The question of effectiveness has been treated by type of intervention. Five types of intervention were identified based on project documents available in Brussels: institutional support; facilitation of investment financing and development of financial markets; support to SMEs through non-financial services; support to intermediate organizations; and investment and cooperation promotion activities. Findings regarding each of these areas of intervention are presented in the following pages. They are based on the analysis of project and country documents collected in Brussels. Table 3.1 shows the list of projects analysed.

**Table 3.1 – Projects and programmes analysed during the desk phase**

Acronym	Intervention	Budget (million €)	Starting date
<b>Dominican Republic</b>			
PRO-EMPRESA	Programa de Apoyo a las pequeñas empresas	9.8	2002
PASP	Programa de Apoyo al Sector Privado	4.2	1996
<b>Ghana</b>			
GRATIS	Ghana Regional Appropriate Technology Industrial Service	Phase II: 3.0 Phase III: 4.3	Phase II: 1994 Phase III: 2000
SMEDP	SME Development Programme	4.8	1995
WWSDP	Woodworking Sector Development Programme	4.8	1998
<b>Kenya</b>			
TDSDP	Tourism Diversification and Sustainable Development Programme	24.0	2001
TDP I	Trade Development Programme I	3.1	1996
TDP II	Trade Development Programme II	8.0	2001
<b>Niger</b>			
AFELEN	Agence de Financement et d'Encouragement de la Libre Entreprise au Niger	Equipment + operating: 3.3 Credit line: 8.6	1993
PASPME/TANYO	Projet d'Appui et de Suivi des PME		2001
<b>Senegal</b>			
Dakar PME	Appui au Développement des PME dans la Région de Dakar	1.9	1995
Ziguinchor DP	Appui au développement économique de la région de Ziguinchor	1.9	1994
St Louis DP	Programme de Développement de la Région de St Louis	7.6	1994
<b>Uganda</b>			
SUFFICE	Support to Feasible Financial Institutions and Capacity Building Efforts	Phase I: 1.7 Phase II: 3.5	Phase I: 1999 Phase II: 2003
<b>Zambia</b>			
EDP I	Export Development Programme	10.0	1993
<b>Vietnam</b>			
PSSP	Private sector support programme	9.0	2003
SMEDF	SME Development Fund	Phase I: 0.9 Phase II: 1.0	Phase I: 2000 Phase II: 2002
SPF	Small Project Facility	2.00	2003

Acronym	Intervention	Budget (million €)	Starting date
Euro-TAP	Technical Assistance Programme for Transition to Market Economy	Phase I: 19.0 Phase II: 11.0	Phase I: 1993 Phase II: 2002
<b>Egypt</b>			
	Competitive Upgrading of SMEs (EIB)	25.0	1998
IMP	Industrial Modernisation Programme	250.0	2000
PSDP I	Private Sector Development Programme	25.0	1996
PSDP II	Private Sector Development Programme	20.0	1999
SDF	Social Development Fund II	155.0	1998
SDF II, EDP - SEDO	Social Development Fund II - <i>Component:</i> Enterprise Development Programme	88.0	1998
<b>Jordan</b>			
EJADA	Industrial Modernisation Programme: Euro-Jordanian Action for the Development of Enterprise	40.0	1999
PSDP	Private Sector Development Programme	7.0	1997
<b>Tunisia</b>			
ETE	Euro-Tunisie Entreprise	Phase I: 20.0 Phase II: 20.0	Phase I: 1996 Phase II: 2000
IMP	Industrial Modernisation Programme	50.0	2002
<b>Regional</b>			
ASIA INVEST	ASIA INVEST	Phase I: 30.0 Phase II: 35.0	Phase I: 1997 Phase II: 2003
AL-INVEST	AL-INVEST	Pilot + Ph I + Ph II: 98.0	1994

### 5.3.1 Institutional support

A stable macroeconomic environment with sound economic fundamentals and a predictable and enforceable legal and regulatory framework (including tax legislation and the financial system) are essential prerequisites for sustainable private sector development. Most donors increasingly stress the fact that the main constraints hampering PSD are found in the public sector and that direct support to enterprises should be avoided as long as these conditions are not reasonably met.

### a) *Interventions*

In the different cooperation regions, a number of legal or economic reforms have been carried out with the support of the EC to improve the macro-economic and institutional environment with the aim of reducing poverty or as part of a debt-reduction programme<sup>7</sup>. In some regions, priority is given to supporting economic and institutional evolution towards an open and competitive market economy. In all cases technical assistance and financial support are provided to help enhance:

- The macroeconomic trends, which have to be sustainable;
- The legal framework, norms and regulations to make them compatible with global market requirements and, in some cases with European norms (MED, CARDS);
- The overall transparency and predictability of political and administrative practices;
- The taxation system, to make it transparent, stable and effectively enforceable;
- Financial markets, to provide sustainable access to credit for financing profitable investments;
- Sectoral policies in different fields such as communications, education and health. Improvement in these sectors is critical for PSD and, at the same time, the private sector may also provide a major contribution to their development.

These interventions cover a large range of institutions and domains. Among the sample of projects and programmes analysed, the following programmes correspond to this type of intervention:

- i) Legal framework reforms such as the drafting of a Competition Law and the creation of the Competition Directorate at the Ministry of Industry and Trade under the Euro-Jordanian Action for the Development of Enterprise (EJADA) in **Jordan**, or the development of the Industrial Property Rights legislative and regulatory framework under the Technical Assistance for Transition to Market Economy (Euro-TAP Viet) in **Vietnam**;
- ii) The development of business services capacities such as the Centre for Business Information (CBIK) under the Trade Development Programme (TDP) in **Kenya** or the establishment of the standards and metrology institution under EJADA (**Jordan**);
- iii) The support to intermediate organisations such as the Export Development Programme (EDP) in **Zambia**, which channelled sector assistance through the corresponding professional organisations.

### b) *Main characteristics*

Most of the interventions analysed are **components of a larger EC project or programme**, although they are not really part of a **sector-wide approach**. Otherwise, no definite common features have been found between these projects, particularly in terms of their type, field, country of implementation, and so on. As indicated above, Commission interventions have been successful in supporting institutional reforms in a variety of countries and regions. A good example of this is Vietnam where Euro-TAP activities fully

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<sup>7</sup> For instance, the World Bank-led HIPC initiative and PRSP.

delivered their outputs while the SME Development Fund (SMEDF) partially achieved its objectives<sup>8</sup>.

The survey, however, shows that the *factors of success* for this type of intervention include: strong demand for services; strong involvement of the beneficiaries; and good correspondence between the needs of the target group and the actions implemented.

The survey shows also that among the *factors that negatively influenced the achievement of objectives* of this kind of intervention are the length of the negotiations and implementation of a new structure, political resistance, unrealistic goals, and environmental obstacles (inadequate conditions for privatization, a non-conductive business environment).

While some PSD projects are supported by local authorities while others are not - owing to lack of capacity or political willingness from partner governments or other reasons - **government ownership** is, as expected, a key element. In some cases, interventions have failed to deliver outputs as planned when the support of the local public sector was insufficient. For instance, in Tunisia the government did not accept the structures created to implement the Industrial Modernisation Programme (IMP) and requested the EC to use existing public institutions. As a consequence, the programme started after a 3-year delay. The survey also mentions lack of consultation with local stakeholders as a factor hampering the implementation of interventions in support of institutional and regulatory reforms.

In other cases, the problem has been rather the lack of **support from the local private sector**. According to the Uganda's CSP 2002 (page 11), past PSD interventions had a limited success in improving the efficiency of public institutions promoting PSD "*due mainly to the lack of genuine private sector involvement as well as to the limited impact of this support in improving the enabling environment.*" While the lack of support of the public sector can be explained by its own policy agenda, a lack of support from the private sector is more surprising and raises questions regarding the appropriateness of the intervention.

An element that also seems to be important is the level of **coordination with other donors** or financial institutions. In Jordan, from 1989 the EU supported broad economic reforms in co-ordination with IMF, WB, USAID and other institutions. These reforms and macro-economic stabilisation are considered fairly successful although the overall process has been slow<sup>9</sup>.

In the field of reforms related to the financial sector and to its institutions, interventions generally have included a **component aimed at reforming the financial sector** and in particular developing its capacity to mobilise savings and mainstreaming them to the targeted enterprises. This reform component **has generally failed**, as it did not lead to changes in the behaviour of the financial intermediaries towards targeted enterprises. This was for instance the case for SMEDF in Vietnam, as the methodology to reach the

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<sup>8</sup> The evaluation of the project (2002) concludes that for some of the components, SMEDF attained its objectives (e.g. lending operations) while for others delivery was not sufficiently in line with programmed activities and expected results (e.g. training activities). It should be noted though that a phase II of SMEDF has been launched (the financing agreement has been signed on April 16th 2003).

<sup>9</sup> Source: Jordan's Country Strategy Paper 2000-2006.

objective was never properly defined, or in Zambia, where no local operator was ready to take over the activities of the programme<sup>10</sup>.

A final striking observation is that while institutional support is a major dimension of PSD support and the relative importance given to that dimension of the EC's PSD support policy is increasing, **EC approaches may differ widely from one region to another and among the Commission's staff**. A first example is that the COM(2003)267 explicitly encourages activities to attract FDI: "*Policy advice should also focus on ways and means of bolstering the role and functioning of the organisations representing the private sector, and encouraging Foreign Direct Investment (FDI) and international economic cooperation*" (page 6). However, this view is not shared by all the Commission staff working on PSD. For example, it was indicated by one Commission official to the evaluation team that "*PSD activities are designed to develop local enterprises and the local business environment, not to attract FDI. There are usually separate activities/programmes for that. Indeed I think a risk is that too many of the economies concerned become too dependent on FDI and indeed PSD programmes should re-balance this.*" Another example of the diversity of views regarding how best to support PSD is presented in Box 3.1 where the approaches of Asia and MED countries are described.

### Box 3.1 - Two approaches to institutional support

#### *Asia Programme*

The importance of the institutional, regulatory and economic environment for the development of the private sector has been highlighted in the framework of cooperation with Asian countries since the early 1990s. In the *Developing Countries of Asia and Latin America Regulation of 1992*, two main lines of cooperation were envisaged: (i) development aid for the poorest countries and population groups and (ii) economic cooperation with countries or regions with high growth potential. Indeed, the innovative approach of the Regulation was that "economic cooperation is aimed at **improving the business and regulatory environment** in partner countries to stimulate two-way trade and investments with the direct participation of the private sector to the benefit both of the Union and the partner country"<sup>11</sup>.

This policy decision has been further reaffirmed in later years. The strategy towards Asian countries, called the New Trade and Cooperation Strategy and proposed in the COM(1994)314, aims to develop closer political relations with the region, accepting its growing relative weight in the world economy and the international political scene. It states that the main thrust of the present and future policy in Asia is related to economic matters and the main objectives are: (i) to strengthen the Union's economic presence in Asia in order to maintain the Union's leading role in the world economy, (ii) to contribute to stability in Asia by promoting international cooperation and understanding, (iii) to promote the economic development of the less prosperous countries and regions in Asia, and (iv) to contribute to the development and consolidation of democracy and the rule of law, and respect for human rights and fundamental freedoms in Asia.

<sup>10</sup> According to the evaluation of SMEDF, there was an impact on the services provided to SMEs (although segmented and concentrated the North and South areas). Nevertheless, it also highlights that fact that, even though, the project activities that should have provided assistance to the banks in the development of new products or marketing strategies to enhance their capacity to increase saving mobilisation were eventually non-existent due to the local economic environment.

<sup>11</sup> COM(1994)314.

Within this framework, interventions to promote private sector development are concentrated at the “macro” level as opposed to the “micro” level. The “meso” level, interventions to support intermediate organisations are carried out through a specific regional programme.

#### *MEDA Countries*

A very different approach is noted in the following case of cooperation with MEDA countries. The COM(2003)587<sup>12</sup> on Private Sector Development support in the Mediterranean indicates that lack of private sector development is a key explanation for the inadequate economic growth of MEDA economies over the last decade. Further, it indicates that the State is still heavily involved in the real and financial sectors, that the reform and privatisation processes have been slow, and that overall the environment is not favourable to PSD: obsolete company laws, investment codes and tax and custom regulations and, more generally, weak legal frameworks (enforcement law and property rights) contribute to a climate of uncertainty.

However, the Communication considers that responsibility for developing an environment more conducive to PSD lies primarily with the partner countries and advocates interventions in another area. As the lack of a well-functioning market for financial services is also highlighted as an important problem, the Communication advocates concentrating resources on solving this specific problem through creation of the programme FEMIP, the “*Facilité Euro-Med d'Investissement et de Partenariat*”. It points out that: “the often unfavourable private sector environment in the region makes the case for a tailor-made private sector development instrument even more compelling”.

### **5.3.2 Development of financial markets**

Commission interventions aimed at providing financial services can be distinguished according to their nature: either support to investment financing and development of financial markets, or support to micro-enterprises through micro-finance.

As far as investment financing and development of financial markets is concerned, the Guidelines for European Commission Support to Private Sector Development emphasise the following:

- Its features take the non-exclusive forms of technical assistance for promoting the overall investment environment or direct capital contributions for financing specific investment projects;
- Its objective is to facilitate investments contributing to improvements in the general economic and social situation of the beneficiary country;
- They should meet demand from local private operators where this demand cannot be met by the local financial system owing to lack of funds or suitable financial instruments;
- They should channel their operations through local financial intermediaries<sup>13</sup> so as to increase their capacity to mobilise local savings; and

<sup>12</sup> Communication from the Commission to the Council: Shaping support for Private Sector Development in the Mediterranean, COM(2003)587.

<sup>13</sup> Financial intermediaries may be *inter alia* commercial or development banks, investment or venture capital funds and other financial institutions.

- They should operate on the conditions applicable to similar operations on the local capital markets<sup>14</sup> and aim for financial profitability while pursuing development objectives.

#### a) *Interventions*

Projects analysed mostly aim at facilitating access by local enterprises to financial resources and include credit schemes adapted to SMEs. For instance, in **Vietnam** the SMEDF includes a component aimed at improving access to credit for SMEs through the establishment of a revolving fund and by working through local financial institutions (five commercial banks). In **Ghana**, the SME Development Programme provides equity capital contributions, term loans and leasing arrangements; the associated funds comprised a Business Development Planning Fund (€ 0.48 million) and an Enterprise Fund (€ 3.5 million). In **Egypt**, the Private Sector Financing Scheme (1995) provided credits for SMEs through Cairo Bank during a period of 2 years.

Other projects were not explicitly targeted on SMEs but reached them indirectly, for instance the Export Financing Facility (EFF) in **Zambia** (a component of the Export Development Programme, EDP) which was established to complement the existing financial arrangements within the Government's policy framework so as to provide additional credit against export documentation and short term credit for procurement of inputs and marginal capital expenditure.

Implementation modalities included revolving funds (SMEDF in Vietnam, EFF in Zambia, AFELEN in Niger); the provision of credit lines (PASP in the Dominican Republic); the generation of an economic network in the private sector easing access by (future) entrepreneurs to the classic banking system (Credit programme in St. Louis, Dakar and Ziguinchor in Senegal); establishment of a Loan Guarantee Schemes (EJADA in Jordan or PASPME/TANYO in Niger); establishment of a credit scheme (GRATIS in Ghana); equity capital contributions; term loans; and leasing arrangements. Resources were mobilised through the establishment of funds (for instance the Business Development Planning Fund and an Enterprise Fund in Ghana) and channelled to beneficiaries through local financial institutions (i.e. a commercial bank).

#### b) *Main characteristics*

According to PSD strategy documents, the objective of these interventions is to facilitate access by local firms to financial instruments by (i) providing credit, in principle at market rates, and (ii) reforming the financial sector, in particular developing its capacity to mobilise savings and mainstream it to the targeted enterprises. However, it was observed that, for commercial banks to use the funding facilities, **the practice has been one of offering credit at rates lower than the market rate**. Moreover, the **reform component generally failed**, as it did not lead to a change in the behaviour of the financial intermediaries towards targeted enterprises, in particular for SMEs and micro-enterprises.

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<sup>14</sup> Flexibility and in particular interest rebates are allowed in three cases: (i) financing of infrastructure projects in less developed countries or in post-conflict situations, (ii) financing of restructuring operations in a context of privatisation and (iii) financing of projects with a significant social or environment component.

This is best illustrated by SMEDF in Vietnam, where rates had to be lowered for funds to be used effectively by local commercial banks and the methodology to reach the objective of familiarising financial intermediaries with SMEs was never properly defined. Other projects of this type were characterised by implementation difficulties, for example in Senegal where the SMEs credit programmes in Dakar, Ziguinchor and St. Louis were reoriented as a result of lack of resources to finance the implementation, deterioration of reimbursement rates, high operation costs, and weakened management. Similarly, the micro-finance component of the Micro-Projects Programme in Uganda (preceding the SUFFICE Programme) has been severely criticised in an evaluation, for both their management and their design.

Figures for the **number of loans granted** are often not given in the documents available for this evaluation but, when they are, they indicate a relatively large variation from programme to programme. Indeed, according to available information, the number of loans provided ranged from 17 in Jordan (Loan Guarantee Scheme of EJADA in the sectors of food and beverage, chemicals/fertilisers, plastic, garment and tourism) to 243 under SMEDF in Vietnam. For the SME credit programme in Senegal, 46 projects were financed in 3 years of implementation of the Dakar component and 78 in 2 years of implementation of the Ziguinchor component.

The same variability can be observed as far as **amounts lent** are concerned. Documents refer to loans reaching FCFA 572 million (around € 87,000) for the SME credit scheme in Dakar and FCFA 330 (around € 50,000) in Ziguinchor. In Egypt, the Small Enterprise Development Organisation (SEDO) component of the Social Fund for Development (SFD) targeted on micro and small enterprises has lent a total of £E 937 million (around € 126 million<sup>15</sup>) with an average loan amounting to around £E 20,778 (around € 2,800).

These results, however, cannot be related to the targets for each of the projects, as these **targets are rarely available on project documents such as financing agreements**. Moreover, when they are available, other documents referring to the projects (EU Delegation Annual Reports, CSP, CSE or even project evaluations) often stipulate other indicators.

Given the development objectives of the EU, **job creation has often been defined as a pre-condition** for support for facilitating access to financial resources. However, it has been observed that such conditionality is not always possible owing to implementation modalities and the objectives specific to private sector operators (e.g. commercial banks). For instance, in Vietnam the selection of projects for access to funding resources was originally conditional on their contribution to employment creation. Nevertheless, in the course of implementation, the risk of default - and therefore the selection process - was transferred to private banks, which used their own selection criteria among which employment creation was not included. More generally there is a potential conflict between the objectives of many such projects (e.g. job creation, growth potential, repayment capacity, etc.) that is rarely tackled at the formulation stage of the project.

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<sup>15</sup> At an exchange rate of € 1 per £E 7.40.

### c) *Micro-credit*

Commission interventions to support PSD have also contributed to the establishment of credit schemes oriented towards micro-enterprises. The objective of such interventions is to create a favourable environment for micro-enterprise development by enhancing the capacities of micro-finance institutions. The provision of technical assistance to these institutions has been the preferred type of activity, while limiting interventions taking the form of grants to exceptional cases.

Micro-finance aimed at supporting micro-enterprises covers a full range of financial services such as loans, savings, insurance and deferred payments or credit cards for the poor. Micro-credit is the most traditional form of micro-finance. According to the PSD Guidelines, given the competitive nature of the private sector and the relatively poor performances of the non-market approach adopted in the past, micro-finance activities should be managed commercially, which should increase their effectiveness and sustainability. Moreover, following a peer review of the Commission's operations on micro-credit<sup>16</sup>, senior management of the EuropeAid Cooperation Office decided that, given the EC's limited comparative advantage as a donor institution, no new credit lines should be launched in the field of micro-finance<sup>17</sup>.

**Few projects on micro-finance were included in the sample of projects analysed.** A possible explanation for this bias is that micro-finance projects are often part of larger (integrated or rural) development programmes which have not been considered as PSD interventions in this evaluation<sup>18</sup>. Yet two projects included a micro-finance component: in Uganda, under the Support for Feasible Financial Institutions and Capacity-building Efforts (SUFFICE) project, seven micro-finance institutions had received loan fund finance and six had received matching grants for capacity building. The first phase of the project had achieved some success in increasing the level of outreach to micro-enterprises, thereby promoting income growth and employment in the micro-enterprise sector<sup>19</sup>. In Jordan, the Social Development Fund component "Financial and Investment Sector Reform" also provided micro-credit in the social and rural domains. Nevertheless, information on the amounts lent, the number of beneficiaries reached or the associated job creation are rarely available in the available documents.

### 5.3.3 Support to SMEs

Interventions in support of SMEs at the micro level in the form of non-financial services form one of the five areas of intervention of Commission support for the development of the business sector<sup>20</sup>. These interventions complement interventions at the macro and meso levels. Their **overall objective is to improve the competitiveness, productivity**

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<sup>16</sup> Carried out in 2003 in the frame of the CGAP's Microfinance Donor Peer Reviews.

<sup>17</sup> Instruction Note 3959 on EC Position with Regard to Credit Lines, 4 March 2004.

<sup>18</sup> See section 2 of Annex 5 for a description of the selection process and a list of DAC sector codes used.

<sup>19</sup> See Monitoring report (2001).

<sup>20</sup> See COM(2003)267, COM(1998)667 and PSD Guidelines.

**and export capacity of third country SMEs**, allowing them to respond to the process of gradual integration into the world economy. The EC strategy to support PSD subscribes to the idea developed by the Committee of Donor Agency for Small Enterprise Development (SEDONORS) that BDS interventions should meet the objectives of outreach<sup>21</sup>, cost effectiveness and sustainability<sup>22</sup>. In addition, these ideas stipulate that these objectives can only be achieved by **creation or reinforcement of business development services (BDS) markets and not by the direct provision of such services by the donors**. Therefore, EC intervention in this area is aimed at focusing on facilitation of a sustained increase in demand for and supply of services. This approach entails giving priority to support for intermediaries and building up the capacity of local providers<sup>23</sup>, basing the strategy on what already exists locally and using market forces.

**Direct delivery of services to SMEs is, in spite of policy orientations, one of the oldest and most widespread activities of PSD support programmes.** The EC has financed many such interventions, some of which are handled by the CDE in the case of ACP countries. The shift towards facilitation has been put into practice rather slowly and, moreover, from the project documents analysed, it is not always possible to discern whether services were provided direct or through the use of local expertise and the reinforcement of BDS markets. In the case of services offered by the CDE, current practice is to use local expertise if possible, and only when that is not available is the request for services sent to headquarters. The survey, on the other hand, points out that 75% of Delegations consider that there has been a shift to an approach based on encouraging local supply of services, although it also points to the fact that, most often, both local and foreign expertise provide BDS to SMEs.

### Box 3.2 - The traditional approach to BDS

“Traditionally, donors and governments have intervened in BDS markets at the level of the BDS transaction: directly providing services to SEs [Small Enterprises] via public BDS providers, or permanently subsidising services delivered by other BDS providers. In the old approach, donors and governments have tended to substitute for underdeveloped BDS markets, possibly crowding out existing or potential commercial providers of services. Traditional approaches have failed to achieve high outreach (access to services by a large proportion of the target population of SEs), since the numbers of SEs served is limited by the amount of subsidies available. In addition, institutional sustainability has been low, since programmes often cease when public funds are exhausted; this effect has often been masked in industrialised countries by the much greater level of funding available.”

*Guiding Principles for Donor Intervention on Business Development Services for Small Enterprises (Committee of Donor Agencies for Small Enterprise Development, Washington, February 2001).*

<sup>21</sup> The principle of outreach refers to the maximisation of the proportion of the target population of SMEs having access to the services proposed.

<sup>22</sup> See for instance “Business development services for small enterprises: Guiding principles for donor intervention” by Committee of Donor Agencies for Small Enterprise Development (2001), Washington.

<sup>23</sup> See COM(1998)667, section 4.2 ‘Main elements of an Integrated Strategy’ and section 3.4 of this annex.

Whereas BDS projects can be identified in all regions, **very little information is available on quantitative targets, expected results and actual results**. In the best cases, some results were found but comparisons with targets were not possible. For example, a survey undertaken under Egypt's PSDP indicated that out of 553 company names listed, 35 reached the last phase of supplied services and completed a business plan, but no target figure could be found. In the case of the Ghana GRATIS project, Phase II mentions an increase of beneficiaries from 11,000 in 1998 to 16,000 per year but Phase III speaks about 'clients' rather than 'beneficiaries', making the comparison impossible. In the Dominican Republic's PASP, five projects were reported to be under implementation, four were approved and fifteen were studies during the take-off phase in 1998. No original target figures were available but the results were considered too low and led to a change of strategy<sup>24</sup>. On the other hand, the survey carried out by the evaluation team indicates that for 50% of the Delegations, the rate of use of services is in line with expectations, for 25% of them it is above expectations and for the remaining 25% below expectations.

Although little quantitative information has been found, several common characteristics among interventions aimed at supporting business development services were identified from the documentary analysis and the survey. These include:

*a) Demand driven-programmes*

Programmes are often **demand-driven** to better respond to the real needs of local business. However, **in many cases demand was lower than expected** at the start of the programme. This was the case of the PASP in Dominican Republic or the TANYO in Niger. The demand for services is affected by its cost, the information available to potential beneficiaries, the appropriateness of the programme to the needs of local business and the local context (the political and economic situation as well as the more specific business environment). Under Jordan's EJADA programme in early 2003, regional political instability brought a dramatic drop in demand for BDS. In the case of Dominican Republic's PASP, when demand was lower than expected, two measures were taken: (i) an information campaign was carried out to inform enterprises on the programme and (ii) the fraction of the cost borne by enterprises was decreased. However, there is no indication that an analysis was made to determine the exact causes of such insufficient demand<sup>25</sup>.

*b) Cost-sharing*

Business development services are usually offered according to a **cost-sharing** principle. To be coherent with the general Commission strategy for support to private sector development, cost-sharing should be applied sensitively and support should tend towards a situation in which private enterprise bears the full cost of the services it uses. Subsidies should be used selectively, for instance on investment restructuring activities, and its use

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<sup>24</sup> Source: Dominican Republic's Delegation Annual Report, 1998.

<sup>25</sup> Further, it is also indicated in the Delegation Annual Report 1998 that it was foreseen to engage foreign experts to design a model in order to identify the needs of potential beneficiaries, the programme however had started two years earlier.

should always be justified in detail. Based on the documents analysed, it is far from being the case, as illustrated below:

According to the PASP Final Evaluation Report (2000, section 5.5), “Under PASP, Dominican Republic, a 50% co-financing was criticised by some of the business services suppliers and beneficiaries. Pressure to increase the Programme’s share arose when a new phase of the EC Caribbean Export offered the opportunity of a cost-sharing rule amounting up to 2/3 of the investment level. The same percentage was offered by the new EU EBAS scheme”. In Egypt, the Independent Programme Review of the PSDP judges that “Cost sharing is not always proportional to the economic and financial dimension of some of the smaller scale enterprises (...) The choice to keep a lower level of cost-sharing is right, since the demand for activities would certainly fall with a sudden increase. An increase should be more gradual”. In Jordan, a comparative study was undertaken and indicated that the services provided under the EJADA programme were much more expensive than those provided under National Fund for Enterprise Support (NAFES, Japan Fund) because it used the services of European experts<sup>26</sup>. To compensate for this fact, the cost-sharing ratio under the EJADA programme was fixed at a lower level than in the case of the NAFES programme.

### c) *Beneficiaries*

Significant variations can be found in **the size and status of the beneficiary enterprises** benefiting from the various PSD interventions in the various regions. This variation can be noted between regions but also within a region or even within a country over time. For example, while the former PASP project in Dominican Republic targeted SMEs employing a minimum of 10 people, the following and ongoing project PROEMPRESA redirected its target to smaller enterprises with a high growth potential. PROMEPRESA justifies this evolution by the fact that other Commission-financed PSD activities (notably EBAS and CDE) cannot reach smaller size enterprises. CDE however targets enterprises with five employees or more. In Egypt, the Independent Project Review of PSDP noted “*a scarce representation of small enterprises and the lower end of medium ones. [...] Only 37% of the total companies diagnosed can be considered SMEs, others are large enterprises*”. According to the Review, the reason was that the project was demand-driven. In Jordan, EJADA’s clients have as many as 600 employees; the clients of NAFES, a similar programme funded by Japan, have fewer than 100 employees; those of Jordan-US Business Partnership (JUSBP), funded by USAID, have between 5 and 250 employees.

From another point of view, some schemes distinguish between **existing enterprises and start-ups**. Under EJADA, which is in fact an Industrial Modernisation Programme (IMP), no assistance was originally given to start-ups because it was not seen as relevant to ‘modernisation’ or to ‘improvement of competitiveness’ (although the Ministry of Industry and Trade stated that it would address start-ups later on). But in a majority of interventions, on the contrary, services are also offered for the creation of enterprises, in particular for projects providing credit lines (as in Senegal, Niger, Mali, Burkina, etc.).

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<sup>26</sup> In terms of services, the difference is that EU experts are seen as having a wider experience in specific areas such as international marketing, conformity with EU standards and certification, state of the art technology, etc.

#### d) *Supply of BDS*

Interventions aimed at developing BDS markets should have simultaneously covered demand, supply and supply-demand transactions<sup>27</sup>. **Little information, however, is available from the documents analysed on the supply of business development services.** Generally, whereas information is not usually given about the evolution of the supply of services in any specific country, information indicates that local consultants and partner organisations become both project actors and indirect beneficiaries. This is the case for instance of the Dominican Republic where PROEMPRESA's new approach states that all project activities will be subcontracted to partner organisations (intermediaries, NGOs, etc) and to local consultancies. This is also the case with the CDE programme that offers specialised training opportunities to local consultants and intermediary organisations, and encourages their own supply of services to local enterprises. According to the survey, the local supply of non-financial services has had a positive evolution since 1994 as it has increased in 92% of the countries and remained constant in 8% of them.

#### e) *Results achieved*

Notwithstanding the often-observed low level of demand, reports indicate wide **use of programme facilities** in some countries - in some cases, after the programme has been adapted (usually by lowering the cost borne by beneficiaries). In Tunisia, despite considerable early difficulties, ETE successfully disbursed all funds and mostly local private operators have used the programme facilities. According to the *Union Tunisienne de l'Industrie, du Commerce et de l'Artisanat* (UTICA), uptake of business upgrading services under ETE was strong (particularly among larger SMEs) even though more attention could be paid to studying the requirements of individual sub-sectors. The impact of ETE also seems significant, as annual sales to export markets have grown by more than 10% for 35% of the enterprises benefiting from the programme.

When analysing the use of programme facilities, **time** should also be taken into account: in Kenya, experience reveals that positive developments may take some time to materialise. This is illustrated by the case of the Centre for Business Information (CBIK-TDP) which, in an evaluation conducted immediately after termination of the project, was negatively assessed in view of its limited use by beneficiary enterprises. The next evaluation, on the contrary, found that a few years after the end of the project, the CBIK had been well appropriated by the beneficiaries and was widely viewed and used by the operators as a most valuable tool.

The degree of **satisfaction** of local enterprises and the usefulness of the services received is hard to assess from the project documentation under review. Information on this subject is rare. In our sample of countries, Ghana's Woodworking programme is the only case where it is mentioned that the forestry certification programme developed for SMEs will be pursued at their own cost. The evaluation of the PASP in the Dominican Republic could only quote one particular case of information on beneficiary satisfaction.

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<sup>27</sup> PSD Guidelines.

### 5.3.4 Support to Intermediate Organizations

At meso level, the Commission's activities in support of private sector development are mainly intended to strengthen the institutional capacities of intermediary organisations or structures, also known as facilitators<sup>28</sup>. These organisations offer services to private sector enterprises and represent them in their dialogue with the authorities. As with other types of intervention, and in line with the international strategy for PSD support<sup>29</sup>, interventions providing support for intermediary organisations should comply with the principles of outreach<sup>30</sup>, cost effectiveness and sustainability.

The PSD Guidelines suggest two different types of cooperation with intermediary organisations according to various criteria. On the one hand, interventions may emphasise strengthening the capacity of intermediary organisations for policy dialogue with the authorities with a view to improving the business and investment environment; strengthening markets for business development services; and supporting the organisation of business-to-business cooperation meetings. On the other hand, where intermediary organisations are more developed, the approach would instead be encouragement of business-to-business partnerships through local intermediary organisations.

#### a) Interventions

In all regions analysed the Commission has supported private sector intermediary organisations in both their functions: representation of the private sector in its dialogue with the authorities, and supply of services to businesses. In most cases these interventions were part of a larger programme.

In some countries, for example **Zambia**, support to representative organisations is considered a priority. In other cases, it is stated that support and training to these representative organisations is necessary to ensure sustainability of assistance to SMEs. That was true of the *Proyecto de Apoyo al Sector Privado* (PASP) in the **Dominican Republic** where institutional reinforcement of intermediary organisations was seen as a pre-condition for more effective political dialogue. In others, such as Tunisia, private sector organisations are less represented: the Euro-**Tunisia** Enterprise (ETE) and the Industrial Modernisation Programme (IMP) are implemented through intermediary organisations that remain closely related to the Tunisian State (e.g. CEPEX, FAMEX).

The focus on the capacity of intermediary organisations to conduct policy dialogue was already highlighted as part of an integrated approach in the COM(1998)667. Nevertheless, only relatively new projects include this aspect and not much information is provided about the results achieved. It applies in **Vietnam** to the EC's support to reinforcement of the intermediary organisations' capacity to enter into a dialogue with the political authorities, where improving this capacity for dialogue is an objective of the recent ongoing SPF project.

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<sup>28</sup> PSD Guidelines distinguish between the roles of 'facilitator' (or service providers) and 'financier' because their objective and interests are different.

<sup>29</sup> See Guidelines of the Donors' Committee for Small Enterprise Development.

<sup>30</sup> The principle of outreach refers to the maximisation of the proportion of the target population of SMEs having access to the services proposed. See also section 3.4.5.

## b) *Main characteristics*

Information about **results achieved in this field is sometimes very limited** in documents collected in Brussels and varies from project to project:

- Under the EJADA project in Jordan, a “participative approach” is reported<sup>31</sup> to have led to the drafting of the Competition Law and the setting up of a new Competition Directorate at the Ministry of Industry and Trade. According to the same source, project effectiveness was the result of strong indigenous support.
- In the case of the Dominican Republic, two events were organised under the PASP project in 1999, notably to discuss steps towards better co-ordination among SMEs. According to its Financing Agreement, the preparation of PROEMPRESA, the project that followed up PASP, was done with the active participation of the private sector. The process had also taken into account recommendations and studies emanating from various workshops organised within the private sector.
- In the case of Egypt’s Private Sector Development Programme Phase I (PSDP-I) that ended in 2001, the aim was to develop the capacity of the Federation of Egyptian Industries and its representation role in the light of the dialogue with the government. But according to the 2001 Independent Programme Review, the project was unable “to reinforce Egypt’s private sector support institutions” and the impact was negligible - notwithstanding some improvements from 1998 - because “Law 153 put serious obstacles to execution of activities since August 1999”.

Little information is also available from documents collected in Brussels on the **actual influence of the private sector representatives on the policy decisions**. According to financing agreements or other project documents, projects like the Industrial Modernisation Programme (IMP) in Egypt have been developed by an *ad hoc* Task Force representing the private sector, various Ministries and academic economists. On the other hand, the evaluation of the DIAGNOS programme reports that in the ACP region governments are perceived as playing an important role in the consultation process while private sector representatives only play a minor role. This was confirmed in field missions undertaken recently during the Trade and Transport sectoral global evaluations<sup>32</sup> to Tunisia, Vietnam, Zambia, Kenya and Ethiopia. They reported that intermediary organisations felt that they do not have much influence on policy decisions or even much interaction with the government.

The survey, on the other hand, indicates that intermediate organisations funded by the Commission are indeed consulted by the government although with different degrees of frequency and that their involvement in policy matters has increased over the years. Further, in many cases intermediary organisations also have contacts with international organisations (sectoral, professional or trade-related international organisations).

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<sup>31</sup> Source: Industrial Modernisation Programme, Mid-Term Evaluation, Final Report, IMC Consulting Ltd, September 2003.

<sup>32</sup> Field missions undertaken in 2003 for the Trade Related Technical Assistance and Transport Sector global evaluations commissioned by the Evaluation Unit of EuropeAid and carried out by ADE.

Commission interventions in support of intermediate organisations have also aimed at allowing them **to provide more and better services to their member enterprises**. In Zambia for instance, EDP I aims to develop export capacity for the coffee, horticulture/flowers, tobacco and cotton textiles sectors. Activities were carried out through intermediary organisations that, in consequence, developed in terms of numbers and membership<sup>33</sup>. In Kenya, TDP I initiated a trade information delivery system in the form of a national trade information centre, the Centre for Business Information in Kenya (CBIK). TDP II continued in this direction by the development of CBIK.

**There is however a real lack of information on EC funding of intermediary organisations:** the documentation consulted provides hardly any indication about the types of services provided to their members or about the evolution of the quantity or quality of the services provided after receipt of EC support. There is also no indication about the interest shown by their members in receiving such services.

### 5.3.5 Partnership activities

Encouragement of the creation of partnerships between EU and ACP businesses or other private sector actors was one of the priority activities for PSD already identified by the Commission in 1998<sup>34</sup>. Such partnerships were seen as a major tool in enhancing business competitiveness and facilitating integration into the global economy. Various types of partnerships were considered, such as joint ventures, licensing or franchising agreements, subcontracting relationships, and so forth.

More recently<sup>35</sup> the Commission's involvement in investment and inter-business cooperation promotion activities in all regions has been directed at improving sustainable and environmentally-friendly development, with a view to increasing the efficiency and competitiveness of the countries concerned, and in particular their export prospects. Activities will mainly take the form of cross-sectoral programmes, like Pro-Invest, Asia-Invest, AL-Invest and other specific projects. Yet bilateral interventions to promote partnership between EU and third countries' firms will continue to be implemented.

According to PSD Guidelines, these interventions are expected to be flexible and tailored to regional specificities and will vary according to the selected approach, whether economic cooperation, comprising the concept of mutual interest, or development cooperation, based more on the participation of intermediaries. Support for intermediate organisations will be relatively greater in the ACP region than in Asia, Latin America and the Mediterranean regions where intermediaries are better established and are more effective. The identification and creation of pro-active networks at all stages is seen as a key element of the support to PSD.

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<sup>33</sup> For the 4 intermediate organisations supported by the EC, membership went up from 240 to 570 between 1994 and 1998.

<sup>34</sup> COM(1998)667.

<sup>35</sup> COM(2003)267 and PSD Guidelines.

*a) Bilateral level*

Interventions to support IO take place in several countries. The PSDP project in **Egypt** aimed to support joint ventures and partnerships. Between 1996 and 2000 the project participated in the organisation of three types of matchmaking event, Europartenariat conferences (in the Netherlands, Spain, Austria and Germany), workshops and seminars (workshop on Strategic Alliance, ECIP Seminar in Cairo and Alexandria, MED Partenariat in Cairo and Euro Partenariat-Cairo). In **Jordan**, the EIIC component of the EJADA programme conducts demand-driven partner research, charging for its services. Interventions include promotion of inter-sector fairs, such as ETE in **Tunisia**; 150 Tunisian and 150 European enterprises participated in fairs and meetings, 600 bilateral contacts were organised, and 15 partnership agreements were signed within one year.

**But figures on the number of agreements resulting from this type of interventions are rare.** In most cases, if information is available, it only relates to invitations and assistance but not on the numbers of letters of intent or agreements signed. No information could be found with regard to partnership promotion activities on projects undertaken in Kenya, Zambia or Vietnam, for instance. The same is true of interventions aimed at promoting foreign direct investment in the partner countries. In Tunisia, the Foreign Investment Promotion Agency (FIPA) activities led to contacts with 200 EU firms, twenty of which visited Tunisia and three of which eventually invested in the country. These observations are confirmed by the results of the survey. There is very little information on this kind of event, whether their nature, results or follow-up.

*b) Regional level*

Whereas programmes like Pro-Invest are recent<sup>36</sup>, other horizontal regional programmes were launched several years ago. That is the case of AL-Invest, which started with a pilot phase in 1993 and whose third phase will start in 2004.

**AL-Invest** is a programme that aims to support in a systematic way investments, transfers of technology, joint ventures and long-term trade agreements between companies of the European Union and Latin America. It works through single-sector meetings, during which European and Latin American companies seek to reach investment and commercial agreements. Its target is to co-finance 50 events per year. Results obtained between 1996 and 2002<sup>37</sup> were:

- 40 meetings per year on average;
- More than 35,000 EU and Latin American participating enterprises;
- 615 trade agreements registered, with an average value of € 273,000;
- 68 investment agreements registered, with an average value of € 704,000;
- A total value of all agreements amounting to € 215 million.

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<sup>36</sup> Pro-Invest was officially launched on 22 October 2002.

<sup>37</sup> Source: AL-Invest website.

The total budget disbursed from 1993 until 2003 amounts to € 98 million and the return on the activities (turnover and investments as compared to EC subventions) was estimated at 7 to 1 over the period 1996-2002<sup>38</sup>.

A high concentration of activities in the largest Latin American countries (Argentina, Mexico, Brazil) was observed. Agro-industry; environment; and machinery and mechanical equipment are the three main sectors in which agreements were signed, amounting to nearly 40% of the transactions.

**Asia-Invest** is in its second phase since 2003. Its specific purpose is to enhance direct business cooperation between economic operators in the EU and Asia, with a focus on SMEs and support for a dynamic private sector in Asia in the process of seizing new business opportunities and development, an objective that would be complemented by a set of interventions aimed at reinforcing the business environment and at stimulating trade and investment flows between the two regions. It provides a range of grants, support instruments for networking and matchmaking and access to an extensive database.

Specific instruments for matchmaking activities were elaborated in response to evolving business needs: Asia-Venture, Asia-Enterprise and Asia-Partenariat. But Asia-Invest also offers technical assistance to Asian enterprises and institutional strengthening support through Asia-Invest Alliance and Asia-Invest Forum. These instruments are complemented by specific cooperation in fields like information technologies and communications (Asia ITC programme) or the search of resource-efficient and sustainable solutions to environmental problems (Asia Pro-Eco).

Only limited information is available at this stage on the results of Asia-Invest. During Phase I (1997-2001), 143 projects were supported, 60 business matchmaking meetings and 70 seminars were organised and 600 commercial partnerships agreements achieved.

**Pro-Invest**, that started operating in late 2002, is a EU-ACP partnership programme for the promotion of investment in ACP countries, with a budget of € 110 million over a period of 7 years, financed by the EDF and managed by a PMU in Brussels. Its activities are in line with the policies of the Lomé Convention and the Cotonou Agreement that offer an increased role for the private sector in the development process. One of its two dimensions is support for the development of long-term partnerships between EU and ACP enterprises, or between ACP enterprises. Its grants are awarded to qualifying intermediary organisations and enterprises on a demand-driven and cost-sharing basis.

Pro-Invest intends to organise on average two major ACP-EU partner-matchmaking events per year in key ACP sectors, and 20-30 smaller events and missions. It will also co-finance 150-200 actions supporting individual projects emanating from these events. Its operations are demand-driven, except for the major key sector programme initiatives. Since the start of its operations in October 2002, the following has been recorded:

- One key sectoral event was organised and two are in preparation;
- 19 sub-sectoral or sub-regional events have taken place;

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<sup>38</sup> Source: interviews with EuropeAid officials. The evaluation report of AL-Invest ("Évaluation Finale du Programme AL-Invest", P-E International, 2001) shows a figure of 8.5% for a shorter period.

- 735 enterprises have participated to date;
- 30 individual actions have been offered to enterprises as post-event support;
- 24 BSD and 35 policy dialogue workshops were organised.

## 5.4 Sustainability

The analysis of sustainability was focused on the extent to which the effects of EC supported interventions were likely to continue after the end of the programme. A number of judgement criteria and indicators were defined to assess this question. However, it proved very difficult to find information on these indicators in project documents available in Brussels. Diverse information was nevertheless found that serve as a basis for an analysis of the sustainability of EC PSD interventions:

### **Dominican Republic**

- Several sources point to the conditions needed to ensure sustainability. These conditions refer mostly to the institutional environment and government commitment. For instance, the CSP 1996 indicates that “the viability of the strategy will depend on the policies and commitment of the government” (page 15). The CSE 2000 indicates that “interventions like (...) PASP placed little emphasis on improving the policy environment... This probably contributed to the limited impact and sustainability of these interventions” (page 38). The PASP Evaluation report indicates that institutional reinforcement is a pre-condition for a more effective policy dialogue (page 6).

### **Kenya**

- **TDP** provided support to trade promotion, including overseas trade fairs, product development and adaptation, human resource development, and the establishment of the Centre for Business Information in Kenya (CBIK). The Evaluation of the project concludes as follows: “The trade promotion activities have been effective in terms of exposing Kenyan exporters to foreign markets... These activities would not however appear to be effective in terms of substantially generating new export sales.” At the same time, the results of the Field Survey carried out by the Evaluation team on the impact of the project suggest that the generation of export sales was not negligible. (Source: Trade evaluation interviews and project documents). No figures are given on possible firm creation but exposure to foreign markets is likely to have sustainable impact in increasing trade related know-how of local operators.
- The activities of the **TTF** seem likely to assist significantly the development of the tourist industry. It is currently playing an important role in the revival of the industry, following disruption by terrorist action and the threat of terrorism. In this respect, its impact could be considered sustainable (Source: Trade evaluation interviews).

## Niger

- Few elements on sustainability were found among the documents analysed. According to the Devis-Programme N°2, year 2002 (page 9-10), “the sustainability of **TANYO** will be achieved through institutionalisation: the creation of a new financial establishment and a privatisation process”.

## Zambia

- **EDP** helped local enterprises to increase the volume of their exports, albeit from a very low level. The Tobacco Association of Zambia (TAZ) indicated that the tobacco industry would have collapsed without the EDP. The Zambian Coffee Growers Association (ZCGA) had increased sales from around 1,000 tonnes to 6,000 tonnes. The Zambian Export Growers Association (ZEGA) indicated that substantial increases in exports of flowers and vegetables had been achieved as a result of the EDP. Employment had increased from 2-3,000 in 1995 to about 15,000. The Zambian Association of Manufacturers said manufacturers were rescued by EDP I (probably referring mainly to textile manufacturers). As a sign of sustainability, entrepreneurs had returned to manufacturing. (Source: Trade evaluation interviews). EDP II follows EDP I. Nevertheless, there is no evidence that performance of the sectors concerned would be maintained were EC support to vanish.

## Vietnam

- The sustainability of Vietnam’s **SMEDF** was expected to rely on changing the behaviour of local financial institutions’ practices and on training to be provided to participating institutions. However, training never took place and, in spite of high rates of reimbursement, local operators were not interested in taking over the programme. One explanation is the negative real interest rates at which the programme worked. The programme started at an interest rate of 6.28% but had very limited results; later rates went down to 4.5%. During the period, the inflation rate in Vietnam was 7%.
- Further, there is no information on possible creation of firms due to **EBIC** activities. EBIC activities contributed to increasing Vietnamese operators’ understanding of EU markets and in particular improved their capacity to comply with EU regulations. These aspects should be sustainable. On the other hand, EBIC was interrupted apparently at the insistence of the EU MS. It is planned that some of the EBIC activities be transmitted to EuroCham but both the mission (supporting EU firms’ business in Vietnam as opposed to supporting Vietnamese firms in their attempts to develop exports to European markets) and the resources of EuroCham are unsuited to the continuation of most of the activities once organised and funded by EBIC.

## Egypt

- For the **PSDP**, the main way to ensure sustainability is to be able to transfer the programme into private ownership at the end of the funding period. The FA (1995) indicates, for instance, that, to ensure success and sustainability of the PSDP, *inter alia* the management of the programme “should seek to guarantee that the actions, work-

plans and budgets will meet the needs and criteria of the private sector and that the representatives organisations will be associated with them, thus facilitating the objective of transfer of the Business Support Programme into private ownership at the end of the EU funding period, and if possible at an even earlier stage". Further, that "The fees will reflect local market costs of service provision. Various methods of cost-recovery will be piloted with the aim of ensuring that services can be sustained beyond the life of the project". As for the actual implementation of these measures, it can only be noted that the evaluation of the programme mentions as a sign of high effectiveness the fact that "important support was given to the local consulting industry" (page 8). The PSDP-II also indicates that "the increased use of local consultants will be further encouraged to support the growth of a dynamic Egyptian consultancy sector" (source: NIP 1996, page 3).

## Tunisia

- **ETE** seems to have had a limited impact in terms of firm creation, most of the actions benefiting existing ones. In the latter, employment seems nevertheless to have been increased (no figures were given). To the extent that ETE actions led to the upgrading of enterprises' production and management techniques as well as to the adoption of quality standards, one can expect these effects to be sustainable.

## 5.5 Efficiency

Three aspects were particularly analysed with regards to the efficiency of EC interventions: (i) the deconcentration process and the support given by HQ, (ii) the preference given in some regions to all-country programmes and (iii) the preference given in some regions to promoting local expertise instead of using international support. Further, information on other factors affecting the efficiency of EC PSD interventions was also collected.

### 5.5.1 Deconcentration process

The existing literature does not allow an assertion that deconcentration has allowed faster and more accurate decisions because very little information on the issue is available. However, some indication of the (possible) benefits of the deconcentration process can be pointed out:

- The deconcentration process might have some positive influence on the rapidity of EC decisions. Indeed, in the Dominican Republic, the government and the Delegation have mentioned the slowness of some EDF procedures and in Ghana the delays in the adoption of the strategies are pointed out as a constraint to EC cooperation (see section 5.4)
- According to the TRTA evaluation, Delegations and beneficiaries consider that deconcentration has improved the quality of policy dialogue
- The DIAGNOS evaluation suggests that one person at each EC Delegation is assigned to work with all the EC support instruments within the private sector. This is a step in the same direction as the deconcentration process.

### 5.5.2 All-country programmes

No information about the benefits of the “all-country” approach compared to the “national” or “bilateral” approach with regards to the efficiency of EC interventions could be extracted from the documents consulted. The survey did not provide much information as only a minority of Delegations (2 out of 12 respondents) had been confronted with the multi-country approach.

The survey also asked Delegations their opinion on the desirability of the introduction of the multi-country approach in their country. Results were mixed: 50% were in favour, as they think that more should be done to raise the potential of the region to which they belong and to promote stronger regional integration. 50% were not in favour, mainly because in their view a multi-country approach cannot take into account sufficiently the specificities of each country and target support accordingly.

### 5.5.3 Local experts

No information is given in the consulted documents about the efficiency of programmes using more local expertise compared with programmes relying mainly on European expertise. One exception is the EDAJA programme in Jordan, where a short comparison of the cost and skills of the different suppliers is mentioned. According to it, European experts are more expensive but seem to be more efficient than local experts thanks to their greater experience in EU and international business (international marketing, conformity with EU standards and certification, state of the art technology, etc.) (Source: Mid-Term Evaluation of the Industrial Modernisation Programme, 2003)

Another experience is that of the CDE which works mainly with local (regional) experts and only when specific expertise is not available; it sends a request to its headquarters to look for European experts.

### 5.5.4 Other factors

It appeared that the efficiency of EC PSD interventions was affected by factors other than the three elements mentioned above. In particular, it appears that **delays in the adoption of the PDS strategy or in the implementation of projects** and programmes have been important in several countries (Tunisia, Kenya, Zambia and Ghana).

In the case of Ghana, the CSP 2002 identifies a constraint on the capacity to implement project and programmes on the side of the EC and of the NAO office. It also points out delays in the adoption of sectoral strategies in several areas including PSD.

Some other problems mentioned include **insufficiency or lack of flexibility of resources** and **capacity problems** at the level of programme and project implementation. An additional element affecting the efficiency of EC interventions, at least in one case, appears to be the recruitment procedure. The CSE 1996-2000 of the Dominican Republic indicates that “the Delegation and the government have noted that the EC procedures for the selection of consultants are often slow and unreliable (...) The problem is compounded by insufficient back-up resources and/or insufficient flexibility in the use of resources” (p. 44).

## 5.6 Coherence

The degree in which the PSD strategy and its implementation takes into account other EC strategies, policies or interventions is a key element in enhancing aid effectiveness as well as in avoiding a contradictory approach and wastage of public resources. Coherence is analyzed at two levels: (i) with other European policies and strategies and (ii) with EC support to other sectors in the same country (trade, transport, institutional support, etc).

### 5.6.1 With other EU policies and strategies

**EC PSD policy documents do not tackle the issue of the coherence of Community support to PSD with other European policies or strategies.** There is no analysis of how European policies could affect, positively or negatively, Community support to private sector development in third countries. Yet the objective of enhancing competitiveness of the business sector of third countries in national and international markets can be affected, for instance, by EU trade policy, SPS measures, the Common Agricultural Policy, and so on.

For example, most PSD programmes incorporate the objective of increasing the private sector's competitiveness to expand the countries' or regions' export capacity, thereby contributing to export-led growth. However, this objective can be hampered by the EU trade policy, which limits market access, notably by imposing technical barriers to trade or rules of origin, which become more and more complicated and drastic. Different independent sources highlight this problem; see for instance the assessment by Brenton and Manchin (2000) on the extent to which preferences granted by the EU remain hardly exploited by the beneficiary countries owing to the restrictiveness and complexity of the regime governing the associated rules of origin<sup>39</sup>.

**This absence of analysis is also reflected in country programming and programme documents.** Very few CSPs analyse the coherence of Community support to PSD with European policies or strategies. In most cases they mention one or another European policy but they generally fail to indicate how coherence will be ensured. Similarly, identification documents of PSD programmes seldom if ever address the issue of coherence with other European programmes or policies. Moreover, such aspects, although central to appreciation of the project's impact, are not covered by follow-up, monitoring or evaluation procedures and reporting.

No information can be found in the documents consulted about the existence of complaints from beneficiaries, governments or operators of EC-funded PSD programmes. However, just because the actors do not express an official complaint it does not follow that they totally agree with EU policies. The expression of a disagreement or regrets on the attitude of the EU can emerge during private interviews; an example is Tunisia, which privately expressed regrets that the CAP still maintains a strong protection of EU

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<sup>39</sup> Brenton P. and M. Manchin, "Making EU Trade Agreements Work: The Role of Rules of Origin", CEPS Working Document N° 183, March 2002. According to their findings, only one third of EU imports from developing countries which were eligible for preferences actually entered the EU market with reduced duties.

agricultural markets (Source: TRTA evaluation). The survey (see section 6 of Annex 5) also provided insights on this issue; it shows that out of the 12 Delegations that responded on the section on coherence, 40% found that PSD interventions are affected by other European projects, programmes or policies and 27% stated that complaints about EU policies, regulations or programmes have been expressed by the beneficiaries, the Government or the operators of PSD programmes. The difficulties reported concerned:

- The Common Agricultural Policy
- The regulation on Official Feed and Food Controls (COM(2003)52)
- European trade restrictions on some processed agro-based products
- The too-numerous programmes at “all-ACP”, regional and national levels

### 5.6.2 With other sectors of intervention

The documentation consulted provides no indication at all about meetings between working groups in charge of PSD or the signs of mutual influence between the various EC programmes, or of who was involved in the elaboration of country strategy papers and thus if the various relevant actors were consulted and able to share their experience.

However, for some countries, the documents consulted provide some information on the positive influence of PSD interventions on the other sectors. The main sector which seems to benefit from these PSD projects is the trade and export sector:

- In **Vietnam**, the EBIC is meant to train Vietnamese operators on how to deal with EU standards so as to develop their export capacity on EU markets.
- In **Tunisia**, the ETE-IMP includes a MSTQ component so as to comply with EU regulations and obtain accreditation.
- In **Jordan**, in the frame of the EJADA programme, SMEs receive advice about products that are subject to high quotas or none at all and which could easily enter the EU market. It can be noted that, according to the Mid-Term Evaluation of the programme, “export development assistance was not specified in the FA other than in passing but it came about as a result of a review of the Programme’s impact on export achievements” (page 23).

## 5.7 Co-ordination

Donor co-ordination is important in all sectors of cooperation and even more so in PSD. Interventions at macro and institutional level are particularly sensitive to contradictory approaches between donors: un-co-ordinated approaches may undermine policy dialogue and jeopardize the effectiveness of the intervention. At meso and micro level, lack of co-ordination may induce overlaps, subsidising the same firms or organisations twice. Overall, co-ordination among donors is critical for elaborating a comprehensive approach to private sector development in dialogue with the partner government and for avoiding waste of public monies.

### 5.7.1 Central level

The question was analysed at headquarters and at country level. At central level, **Commission services participate in international fora** such as the OECD-DAC, the Committee of Donor Agency for Small Enterprise Development (SEDONORS) or the Consultative Group to Assist the Poor (CGAP). Discussions are brought to other services at HQ through different channels but the main way is the **PSD Thematic Network**, where different Services meet to discuss PSD-related issues.

### 5.7.2 Country level

At country level, information was collected regarding whether the Delegation participates in multi-donor co-ordination processes; whether conflicts are found between EC-supported and other donors' programmes; and whether multi-donor interventions are successfully carried out. Overall, multi-donor co-ordination on PSD was found to be quite varied. Marked differences exist with respect to the existence and degree of donor co-ordination and the extent of local government involvement:

#### a) *EC participation to multi-donor co-ordination processes*

Most CSPs list the donors active in the country (EU Member States, EIB, USAID, Canada, Japan, UNIDO, World Bank) but do not detail the content of their interventions. Therefore, in most cases the information reported in CSPs is too narrow to assess co-ordination and avoidance of programme overlap.

#### **Coordination activities are implemented in various ways:**

- They are often realised through the creation of a consultative group composed of the main donors in the country (Jordan, Egypt, Ghana and Vietnam). The frequency of the meetings is very variable from one country to another: multi-donor meetings take place from twice a year (Egypt) to several times a month (Ghana).
- Sometimes working groups are developed, each of them taking charge of one sector of intervention in the country. Unfortunately, some working groups are less effective than others, as is the case for PSD working group in Ghana.
- In other cases, coordination is organised only for some aspects of the project, on a case-by-case basis rather than institutionally and systematically (Jordan EDAJA).
- Finally, coordination can take the form of a punctual multi-donor review of the programme, as it is the case in SFD in Egypt.

In most countries, **the EC has taken the lead in donor coordination** (Dominican Republic, Uganda, Jordan, Egypt and Vietnam); sometimes this is because the government does not assume this task (Dominican Republic), at other times it is to serve as a reference point for other donor programmes (Egypt), or else it is undertaken simply because there was a real need to develop this task in the country. Indeed, the EC seems to give now more importance to this coordination function since some country strategy evaluations pointed out that the function was not well handled. But little information about the effectiveness of the coordination process is mentioned in the documents.

Even if most strategy papers make reference to a coordination process between all donors and the country's authorities, in practice things can be somewhat different. The case of Tunisia illustrates this observation, since consultation between EC and other donors is mostly concentrated on the EU MS, and coordination with non-EU MS donors, in particular the EIB, AFD and WB, takes place only infrequently.

Further, in some countries it has happened that donors did not coordinate or carry out complementarity analysis of their programmes. Donor coordination activities were limited to consultation and exchange of information but very little was done in the form of policy dialogue and common decision-making. Each donor developed its own PSD activities and implemented its own PSD support structure, causing institutional proliferation rather than institutional coordination. **This situation made the PSD environment more complex and led to programmes overlaps and an inefficient use of resources.** The case of Senegal is particularly striking. The new country strategy tries to improve the situation through better coordination so as to improve the impact of the interventions and the efficiency of the PSD strategy in the country. Also in Kenya and Zambia, donors have different programming cycles and different budget years and do not share information on their activities and costs, which seriously hamper the coordination process in the country:

### **Dominican Republic**

- According to the CSP 2001-2007 (page 16), the Delegation is developing a coordination function between the various donors as the government does not assume this function. In addition, it is trying to coordinate its support to PSD with other donors and it has engaged in extensive consultations for the preparation of the new project PROEMPRESA, which included a visit to the IDB in Washington (CSE 1996-2000, page 53)

### **Ghana**

- According to the CSP 2002-2007, coordination between donors is carried out mainly through a (no PSD-specific) Consultative Group, which meets 3 times a month. Under this umbrella, several working groups have been formed but some of them, including the PSD group, are less effective than others.
- The main donors involved in PSD are: Denmark, France, Italy, Netherlands, USAID and Canada.

### **Kenya and Zambia**

- In both cases, there is some donor consultation and exchange of information but very little co-ordination in terms of policy dialogue and, according to the interviews carried out for the TRTA evaluation, there are difficulties in co-ordinating actions between donors.
- At the time of the TDP (Kenya) there were very few other donor initiatives in the field of export development (Source: TDP Evaluation). Moreover, staffing problems do not permit the EC Delegation to take on the role in donor co-ordination as envisaged by the Commission.

- Furthermore, donor co-ordination is also hampered by two technical difficulties: (i) donors do not keep good records of their interventions, or at least do not share them, and (ii) donors have different programming cycles and different budget years (Source: Evaluation trade Interviews).

### Senegal

- According to the CSE 1995-1999, donors neither coordinated sufficiently nor carried out complementarity analysis. Coordination was more targeted on exchanging information than on taking common decisions.
- Some years later the CSP 2002-2007 indicates the necessity to take other donor interventions into account and to act “in a coherent and complementary way” in the framework of sectoral policies so as to improve the impact of the interventions.

### Uganda

- According to the CSE 1996-2000, the government approved a strategy for the private sector in July 2000, with 6 working groups to coordinate the work. However, although the EC participated in those working groups, it had difficulty in effectively supporting the government.
- That apart, the evaluation also reported that the EC has been active in donor coordination and that there is still a need to promote a culture of openness among donors.

### Vietnam

- As regards co-ordination aspects, there is evidence of the EC Delegation playing a coordinating role among the 15. The ECD have set up some coordinating mechanisms among MS (regular meetings). In practice, and given the number of stakeholders involved, GoV appear to be the main actor capable of ensuring some degree of coordination and in practice donor co-ordination is in large measure undertaken by GoV. It appears that the EC is becoming more involved, but GoV is keen to work predominantly with the IBRD and UNDP on certain issues (in particular with regard to the nexus between trade policy and the overall development plan) so the EC may not always be in the best position to play a coordinating role. (Source: Trade evaluation interviews).

### Egypt

- The **SFD** is a multi-donor programme funded by the EC, several EU Member States and the WB. A multi-donor review of the programme took place in April 2000 but the subsequent meeting planned for 2003 had not taken place at the time of the desk phase of the evaluation. The **Donor Action Group** (DAG) met in Cairo several times per year but has met less frequently since the SFD programme started running. A Consultative Group meets twice a year. (Sources: several project documents including the multi-donor review (2000), Delegation Annual Report 2000, and CSP 2002-2006)

- According to its FA, the Business Support Programme (the main component of the PSDP) “is intended to complement Member States programmes” and thus a coordination group of EU MS is to be established. Furthermore, it proposes establishing links with MS organisations for export promotion (e.g. Chambers of Commerce) so that the project will be able to draw upon services offered by those organisations and expand business collaboration.
- According to the Independent Programme Review of PSDP (2001), the “component *Info Services* is a reference point for other donor programmes and sources of data”. Unfortunately, the review does not indicate how far it is actually used.

### **Jordan**

- According to the CSR 2002-2006, a Donors and Lenders Consultation Group (DLCG) was created in 2000 at the initiative of the Delegation and EU MS. In addition, the EU established an internal EU Donors Consultation Group. In both cases, care was taken that arrangements were in line with the Council conclusions and MEDA guidelines on aid co-ordination issued in 2001.
- In the case of the programme **EJADA**, “there is co-ordination with other donors, projects and agencies in relation to specific activities”, but on case-by-case basis rather than institutionally and systematically. There is no formal vehicle for coordination other than through the national MiPlan. Additionally, the PMU coordinates its activities with German, Italian, Canadian, Japanese, UNIDO and USAID programmes (mid-term evaluation, page 16-17)

### **Tunisia**

- The CSP 2002-2006 indicates that the country strategy was developed through consultation and dialogue with the Tunisian authorities, the Member States and in coordination with the main donors (EIB, WB, IMF). As in other cases, the CSP refers to other donors’ interventions and programmes but without details.
- Consultation between Delegation and other donors is concentrated (limited) to those organised with other EU MS. From this point of view co-ordination between the EC and the MS was felt to have improved since deconcentration. On the other hand, coordination does not regularly take place with other non-EU MS donors, in particular with the EIB, AFD, or WB. These consultations mainly involve detailed sharing of information but seem to have only limited impact on the implementation of EC interventions. For instance, although it was reported by several interlocutors that the development of synergies and complementary actions could be necessary, the co-financing of activities between donors was not thought to be viable owing to the need to respect different sets of procedures and the risk of delays where one donor might hold up the other. The main co-ordinating role is played by government in the selection of the couple donor/programme. (Source: Trade evaluation interviews).

**b) Conflicts found between EC and other donor programmes**

Very little information about actual or potential conflicting situations between donor programmes was found in the documents analysed. However, in two countries (Senegal and Uganda), a degree of donor competition was observed in the field of PSD. In the first case, the competition was induced by the presence of several donors in the same activities, generating a waste of financial resources. In the second case, the competition was caused by the divergence of points of view between the various actors in the project (SUFFICE).

**Senegal**

- According to the CSE 1999, there is a kind of “fashion” phenomenon that causes donors to focus on the same types of project. This has been the case with PSD interventions. The consequence is several projects with the same objectives or activities, increasing the cost of co-ordination.

**Uganda**

- According to the CSE 2001, while there are a number of coordination initiatives, there is also a degree of donor competition. An example is the SUFFICE project: its implementation resulted in significant conflict both with a DIAGNOS team and with the GTZ team responsible for the financial sector. Furthermore, the evaluation mission received strong complaints about the lack of transparency of the SUFFICE team.
- The CSP 2002, on the other hand, highlights the need to develop a better synergy between EC support and EIB interventions so as to expand the coverage of the investment facility for SMEs.

**c) Multi-donor interventions are successfully carried out**

Few projects are actually multi-donor interventions. It seems that each donor has its own panel of projects to finance and manage, and that co-ordination activities are carried out to share information about what is done in the sector.

For the few projects that are multi-donor, the success of the interventions varies greatly from one country to another. For instance, the GRATIS project in Ghana (co-financed by CIDA and supported by the UK) and the SFD programme in Egypt were globally successful, whereas the micro finance programme in Uganda preceding the SUFFICE project was a failure.

## 5.8 Crosscutting issues

Crosscutting issues such as gender, environment, social issues and governance are identified by the EC as policy priorities that should be reflected in all EC interventions. The evaluation has aimed to assess the degree to which these issues have been taken into account in PSD interventions. This implies first asking whether they were taken into account in the general country strategy and only then whether they were reflected in PSD interventions.

Although most **country programming documents** (e.g. NIPs or CSPs for Tunisia, Jordan, Egypt, Kenya, Ghana, Zambia and Vietnam,) explicitly mention crosscutting issues, they do not give directions for systematic integration of these issues into the cooperation strategy and in particular into the PSD strategy. A good example is the case of Vietnam: crosscutting issues are indeed mentioned in the CSP 2002-2006; in particular, themes such as environment protection and disaster preparedness, gender equality, human rights and democracy culture and education and good governance are supposed to be integrated into EC-Vietnam cooperation. However the CSP remains laconic on how crosscutting issues should be treated, noting that actions related to these issues can be developed when appropriate and on an *ad hoc* basis (the example given is the persistent flooding in central provinces linked to deforestation which calls for a social forestry approach). The CSP also mentions the possibility of using horizontal instruments such as the “environment and tropical forest protection” or the “human rights“, “higher education”, “science and technology” or “energy” budget lines as well as the Commission’s co-financing of NGOs.

### 5.8.1 Gender

Reference to the issue of female entrepreneurship **in PSD projects** is rare and gender-sensitive statistics are almost non-existent in project documents. In some cases project documents recognize that an important share of small and micro-enterprise entrepreneurs are women but this does not imply that women are a specific target of the project. In other cases, gender equality is mentioned in some financing agreements, which state, for instance, that the project management will evaluate the gender impact of the project and integrate it into the different components. Yet the documents generally provide no gender indicators.

#### Dominican Republic

- The FA of the PROEMPRESA programme indicates that about a quarter of small and micro-enterprise entrepreneurs are women but, notwithstanding this fact, that they are not a specific target of the project.
- Women, in Dominican Republic, are also highly represented among employees in the traditional sectors.

#### Ghana

- In the last quarter of 1997, the EC approved a grant of € 200,000 to the Accra City Savings & Loans to provide micro-credit to women entrepreneurs within the informal and small business sectors. The overall objective was to improve women’s access to

non-collateral credit funds to facilitate entrepreneurship development among poor women. It was envisaged that 600 women would be reached with savings and credit facilities over a 3-year period and be provided with training and business management skills.

- A 3-day seminar in 1998 was organised as part of the Africa Gender Training Programme in order to answer the concerns and questions about the practical meaning of integrating gender into development operations.

### **Niger**

- In a report on AFELEN it is mentioned that, of the 58 enterprises operating after receiving support from the project, 26 are female enterprises of which 10 are classified as “good”.

### **Uganda**

- According to the CSE 1996-2000 there is no mechanism for ensuring that the EC Delegation addresses gender issues.

### **Egypt**

- The SFD project, on the contrary, is more attentive to the gender issue. It has adopted a policy that emphasizes women’s role in the small enterprise sector. A Women and Development Unit was created in 1998, which later changed its name into a Gender Unit. Additionally, the SEDO component uses gender disaggregated statistics, women accounting for 32% of the borrowers in 1999. In its Work Plan 2003, it is proposed that training should give equal opportunities to women.
- The FA of the PSDP indicates that “a number of activities (are) to be undertaken to promote the participation of women. Business associations are to be encouraged to target women’s needs within their sector”. Unfortunately, the project’s final evaluation report does not mention whether any action was taken in that direction.

### **Jordan**

- The Special Conditions section of the FA of the EJADA programme stresses in a paragraph titled “Gender issues and the handicapped” that “particular attention will be devoted to the principle of equality of treatment (...) and that the PMU will evaluate the gender impact of the project and integrate gender aspects into the different training programmes”. However, there are no gender indicators among the results indicators of the programme. The mid-term evaluation report does not address crosscutting issues either.

## **5.8.2 Environment**

Recent CSPs usually make reference to crosscutting issues and in one country environment has become one of two priority sectors (Dominican Republic). In another case, EIA will be undertaken for large projects (Jordan). But as for the other crosscutting issues, the CSP

remains laconic on how the environment should be treated, noting only that actions can be developed when appropriate and on an *ad hoc* basis.

At project level, some financing agreements or TOR suggest that the project will actively support activities aimed at solving environmental problems (Egypt) or that they will not support SMEs that act negatively on the environment or do not respect national environmental standards (Jordan). Some have an “opportunistic” perspective on the environmental issue, recognizing its importance as a commercial asset to the tourist industry (Kenya) or recognizing the adoption of environmental standards as a pre-condition for access to the EU market (Tunisia).

The means proposed for reaching entrepreneurs include, for example, sensitising activities in training programmes (Jordan) and political dialogue (Dominican Republic).

### **Dominican Republic**

- Environment has become one of the two priority sectors of the CSP 2001-2007 (9<sup>th</sup> EDF).
- The FP of the PASP specified that the selection criteria for funding should include environmental impacts. The evaluation report indicates that while environmental issues were not prioritised when defining the programme objectives, this issue was taken into account during the management and implementation of the different activities.
- In addition, two factors which seem to have negatively affected the integration of environmental issues into the programme are: (i) the lack of a dynamic entrepreneurial sector in the recycling and use of waste, and (ii) the fact that the programme is defined as being demand-driven and that only seldom have environmental aspects been the focus of requested support.
- A condition accompanying the credit line provided by EIB to the local financial institution was that SMEs benefiting from credit would not cause any damage to the environment.
- The PROEMPRESA programme envisages organising participative seminars to encourage definition of a strategy that includes actions to protect the environment (Financial Agreement, see Annex 3).

### **Ghana**

- One programme aims directly to protect the environment. The Woodworking programme has among its objectives a reduction in wastage of wood in the sector. More and more companies are realising the need to conserve the tropical forests and avoid wasteful depletion of this resource. Companies have been advised on forestry certification and certification programmes have been developed. The target is that, by 2004, 250,000 ha will be certified as “sustainably managed” by the Forest Stewardship Council (Source: Preparation 9<sup>th</sup> EDF PSD programme)

## Kenya

- According to the CSP, environment is addressed through different interventions. However, TDP and TNSP project documents do not cover environmental issues. TDSDP is concerned with environmental issues both in recognising the importance of sustaining the environment in the widest context and also in recognising the importance of the Kenyan environment as a commercial asset of particular importance to the tourist industry.

## Uganda

- As with gender, according to the CSE 1996-2000 there is no mechanism in the EC Delegation to ensure that environmental issues are routinely taken into account..

## Zambia

- According to the CSP, environment is addressed through different interventions. However, EDP project documents do not cover environmental issues.

## Vietnam

- EBIC activities did not address crosscutting issues. For instance the footwear and leather sector has had to adapt its business practices to comply with environmental and social standards (e.g. CSR, SA 8000) but no assistance in these matters was provided by EBIC.

## Jordan

- The CSP 2002-2006 indicates that “particular attention will be paid to opportunities for mainstreaming environmental benefits in all cooperation” and that EIA is to be done for large projects.
- The Special Conditions section of the FA of the EJADA programme stresses in a paragraph called “Protection of the Environment” that “the project will not support nor contract enterprises that do not respect national environmental standards” and that “the PMU will integrate sensitising to environment problems into training programmes” (FA, page 22). However, the mid-term evaluation report does not address this crosscutting issue.

## Egypt

- The NIP 1996-98 indicates that “support to environmental issues will continue mainly through EIB financed activities and sustained by grant funds” (page 4). The CSP 2002-06 mentions that “all MEDA funded actions (are) to be subject to environmental and gender screening and appropriate measures are built into the project structure when necessary” (page 7).
- The IMP programme envisages provision to SMEs of TA on environmental issues.

- The SFD/SEDO envisages contributing to the environment by (i) ensuring that activities are approved by local environmental authorities and (ii) actively supporting activities aimed at solving environmental problems by providing loans (Source: Multi-donor Review 2000, page 102).

### Tunisia

- The adoption of environmental norms was not promoted by ETE, which only contained aspects related to ISO 9000. IMP is expected to promote the introduction of some environmental norms. The identification and formulation report of IMP indeed mentions activities concerning the environment: Group 3 of the component 'Qualité-Métrie-logie-Normalisation' envisaged actions aimed at supporting the adoption by Tunisian enterprises of environmental standards and references, e.g. ISO 14000. However, possible environmental issues encountered in Tunisia are not *per se* identified or analysed. Tunisian demands for environment-related assistance are mainly triggered by the fact that EU market access is conditioned by the adoption of environmental standards. According to FAMEX (Fonds d'Accès aux Marchés d'Exportation), there is a need to implement and enforce the existing legislation, which is sensitive and quite strict in environmental matters. For instance, there are now some 400 jeans manufacturers in Tunisia, the activities of which have an obvious negative impact on the environment; however nothing is done to address this issue. There is neither SIA nor monitoring in this field (Source: TRTA Evaluation).

Finally, the CDE has designed a programme based on environmental protection with 3 components:

- Prevention and protection of pollution risks;
- Addressing the demands of international commitments on the environment and sustainable development;
- TA and institutional strengthening, including sensitising and training at both public and private level; enhancement of enterprise creation and consultation in the environment sector; enhancement of investment and partnership. (Source: Annual Report, 2003).

Within this programme, the CDE intends to sensitise the private sector to environmental issues through intermediary organisations. In addition, in the preparation of sector programmes the CDE proposes to give priority to sectors that will preserve, among others, the environment. In the field of timber it has developed three programmes of timber certification and woodworking in Central Africa, the Caribbean and the Pacific.

### 5.8.3 Social Issues

As far as working conditions, child labour, and other social issues are concerned, it appears from the documentation consulted that they did not receive any attention.

In one case (Tunisia IMP/ETE), the identification and formulation report of the programme refers to programmed actions concerning security standards: Group 3 of the component 'Qualité-Métrie-logie-Normalisation' envisaged actions aimed at supporting the

adoption by Tunisian enterprises of security standards and references such as OSHAS 18000. However, potential social issues are usually not identified *per se* or analysed. Further, according to one Tunisian source, social issues are not central for Tunisia where standards are already reasonably high. From this point of view, it was suggested that the real challenge is transformation of the Tunisian society as the country moves from a low wage economy to one with higher living standards (Source: TRTA evaluation interviews)

#### **5.8.4 Good governance**

No specific mention was made, in the documentation consulted at country or project level, of action needed to improve good governance. The only exception is Uganda's CSP 2002 which mentions good governance as one of the general objectives to be achieved.



## 6. General survey of EC Delegations

### 6.1 Introduction

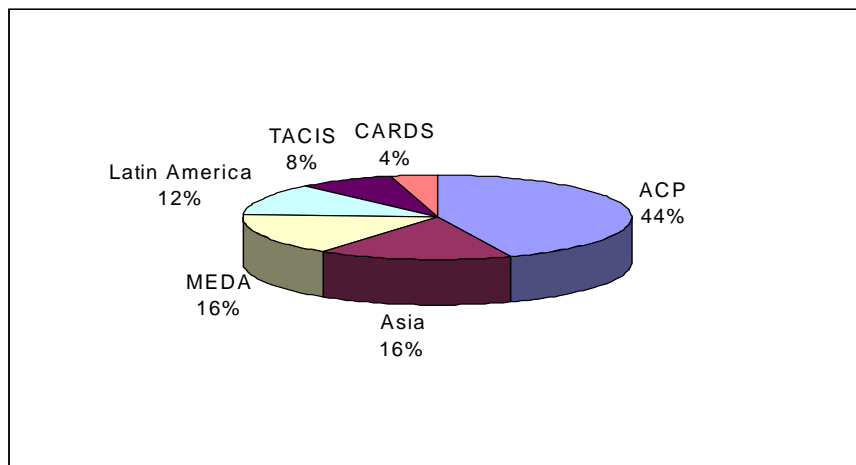
As stated in the evaluation's methodology (see Annex 4), the evaluation team conducted in the Desk Phase a questionnaire survey among third countries Delegations to complete its desk analysis and to test hypotheses relating to the design and implementation of the Commission's PSD policy by reference to specific examples.

In order to collect a significant number of answers without overloading too many Delegations, the evaluators and the Commission decided to ask to 25 Delegations to participate in the survey. The evaluators' choice of Delegations was based on their previous document analysis and on the relative importance that the country strategy gives to Private Sector Development, through its overall PSD programme or through one particular project. The 25 Delegations that were chosen are:

- Bangladesh
- Benin
- Bolivia
- Bosnia Herzegovina
- Burkina Faso
- Dominican Republic
- Egypt
- Georgia
- Ghana
- Indonesia
- Jordan
- Kenya
- Madagascar
- Malawi
- Mauritius
- Mexico
- Morocco
- Niger
- Pakistan
- Peru
- Senegal
- Thailand
- Tunisia
- Uganda
- Ukraine

The chart that follows presents the distribution by programme of the 25 selected Delegations.

**Chart 1 – Selected Delegations –distribution by programme**



The first deadline set for the Delegations' responses to the questionnaire was 18<sup>th</sup> April 2004. By this date, 11 answers had been received. Five other countries had partially answered to the questionnaire and had saved their form in "draft version". Nine countries had not answered at all.

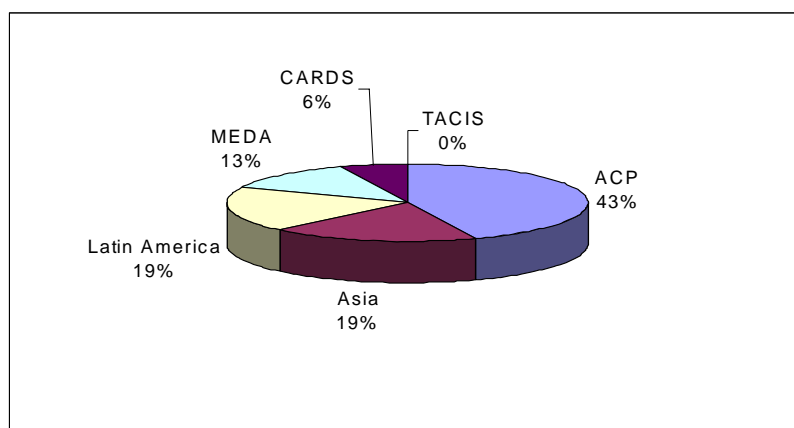
To give more time to the Delegations to complete the questionnaire and collect a larger number of definitive answers, it was decided to extend the time allowed for participation in the survey. The second deadline was accordingly fixed at the 7<sup>th</sup> May, and a reminder was sent to all Delegations. By this second deadline 16 definitive answers were obtained, including two answers which were partial but nonetheless confirmed by their author as correct and exploitable for the analysis (Egypt and Kenya).

With 16 completed questionnaires out of 25, the final answer rate amounts to 64%. The countries that participated were<sup>40</sup>:

- |                      |                   |                         |
|----------------------|-------------------|-------------------------|
| ▪ Bangladesh         | ▪ Ghana           | ▪ Peru                  |
| ▪ Benin              | ▪ Kenya (partial) | ▪ Senegal <sup>41</sup> |
| ▪ Bolivia            | ▪ Madagascar      | ▪ Thailand              |
| ▪ Bosnia Herzegovina | ▪ Mauritius       | ▪ Tunisia.              |
| ▪ Dominican Republic | ▪ Mexico          |                         |
| ▪ Egypt (partial)    | ▪ Pakistan        |                         |

The distribution by programme of the countries that have answered, and on which this analysis will be based, is the following:

**Chart 2 – Countries that have answered to the survey  
Distribution by programme**



<sup>40</sup> Malawi had also begun to answer to the questionnaire in « draft version », but the Delegation has unfortunately not confirmed that the information encoded was correct and could be used by the evaluators for the survey analysis. Its answer has thus not been taken into account in this analysis.

<sup>41</sup> The EC Delegation in Senegal specifies that it does not manage projects specifically "Private sector" related, but has however accepted to participate to the survey.

This distribution by programme is similar to the distribution of the selected Delegations to which the survey was sent. However, one difference is that no TACIS country participated in the survey.

The following descriptive analysis reflects the structure of the questionnaire:

- interventions to support the regulatory and institutional framework;
- interventions to reinforce the financial system and improve access to financial resources;
- interventions to support intermediate organisations;
- interventions to support business-to-business partnership;
- interventions to encourage provision of non-financial services for SMEs.
- EC deconcentration process;
- a multi-country or single-country approach to support for PSD;
- coherence between the EC strategy in support of PSD and other EU policies or programmes;
- co-ordination and complementarity;
- crosscutting issues.

## 6.2 Interventions to support the regulatory and institutional framework

In eight countries, the EC has during the past 10 years implemented one or several interventions in support of the regulatory and institutional framework. In total, 23 projects are presented. For 17 projects a budget is given, which in total amount to € 601,005,417.

The majority of the projects presented are rather recent (after year 2000), but some of them (3) had already begun nearly ten years previously. The expected duration of the projects varied greatly, from one to eight years, the majority varying between 2 and 5 years.

In most cases, the government proposes the intervention. Moreover, 75% of the eight Delegations asserted that the institutional reforms supported by the EC were part of the policy agenda of the government. In other cases, the intervention was proposed by the EC or possibly by another donor.

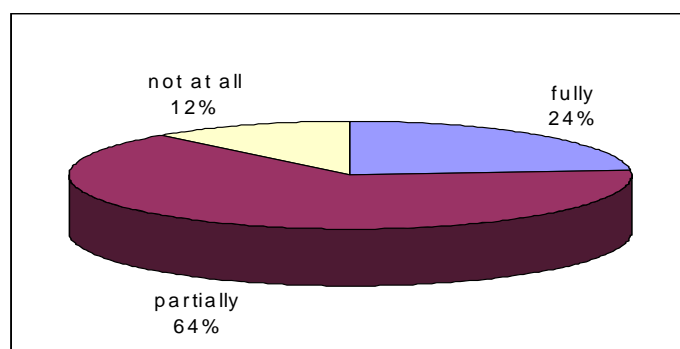
**Table 1 – Who proposed the institutional reform project?**

Government	53%
EC	31%
Other donor	16%

As far as the project results are concerned, the initial purpose was at least partially reached in most cases. Only one intervention did not reached its objective at all, because there had not been any continuity in the project<sup>42</sup>. The chart below presents the success rate of these institutional reforms.

<sup>42</sup> One other intervention is mentioned as being not successful at all, but it is only because the project has not yet started.

**Chart 3 – Was the purpose of the institutional reform reached ?**



The main reason for partial achievement of the objectives is that the projects were still ongoing, which is a totally legitimate justification. Other explanatory factors are the length of the negotiations, implementation of a new structure, political resistance, unrealistic goals, or environmental obstacles (inadequate conditions for privatization, business environment not conducive).

On the other hand, factors of success mentioned were strong demand for services, strong involvement of the beneficiaries or good correspondence between the needs of the target group and the actions implemented.

Finally, most of the Delegations reported that some obstacles had hampered the implementation of these EC interventions. Among these difficulties, we can mention:

- the complexity of the competitiveness factors;
- lack of capacity to implement too ambitious interventions;
- lack of consultation with the stakeholders, failure to include their views in the policy formulation, lack of dialogue with local partners;
- the weakness of the Government authorities: lack of initiatives, weak capacity to create a business-enabling environment, the administration unprepared to implement the changes.

One country observed that a consequence of these obstacles was the underdevelopment of the formal private sector, most business activities remaining in the informal sector.

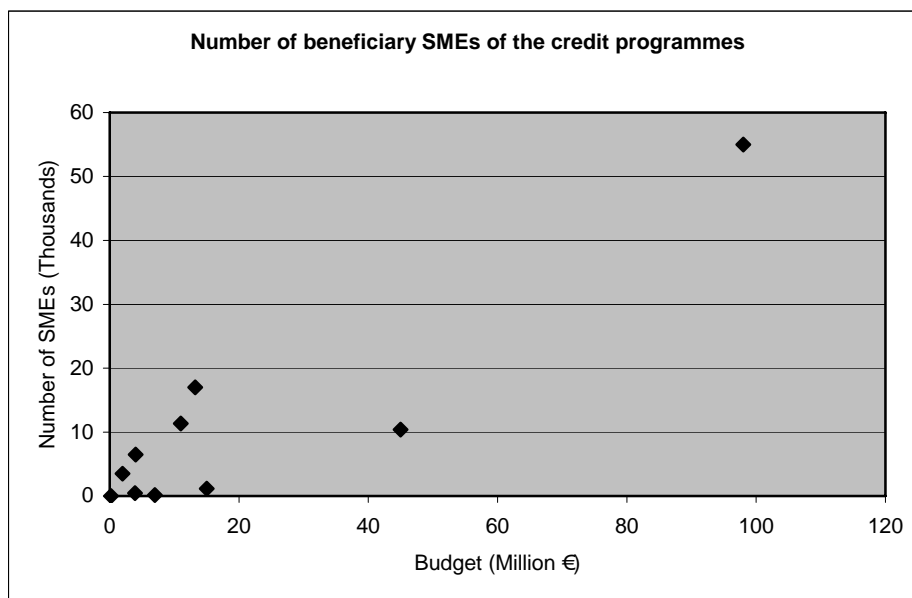
### 6.3 Interventions to reinforce the financial system

For all 16 Delegations, access to financial resources for SMEs and micro-enterprises is a major constraint to private sector development. Facing this situation, the EC has supported programmes to facilitate access to credit for SMEs in 14 of these countries.

In total, 28 projects are presented, including 6 EIB interventions. The number of projects per country varies from 1 to 3. It seems that the EC has been conscious of the problem for some time already, because many projects started before 2000.

The duration of the projects is often rather long: most of the interventions lasted from 4 to 8 years; two interventions had a period of action of more than 10 years.

**Chart 4 - Number of beneficiary SMEs of the credit programmes**



The number of beneficiary SMEs is reported for only 43% of the projects. This number is very different from one intervention to another and it is difficult to say if it is directly related to the project budget (See Chart 4). The budget is mentioned in the questionnaire responses for only 18 interventions, totalling € 656,300,000. The repayment rate is given for very few projects, but in every case it is very high (more than 85%).

Only one country mentions complaints about the creation of unfair competition: “Some donors have criticized [the programme] as market-distorting. However, it is doubtful that banks would otherwise lend to the target clientele (e.g. small traders)”.

Twelve countries stated that the activities would be taken over by local operators after the completion of the programmes, but this expectation has been realised in only 5 of them up until now.

Among the factors hampering implementation of the credit interventions can be highlighted the following:

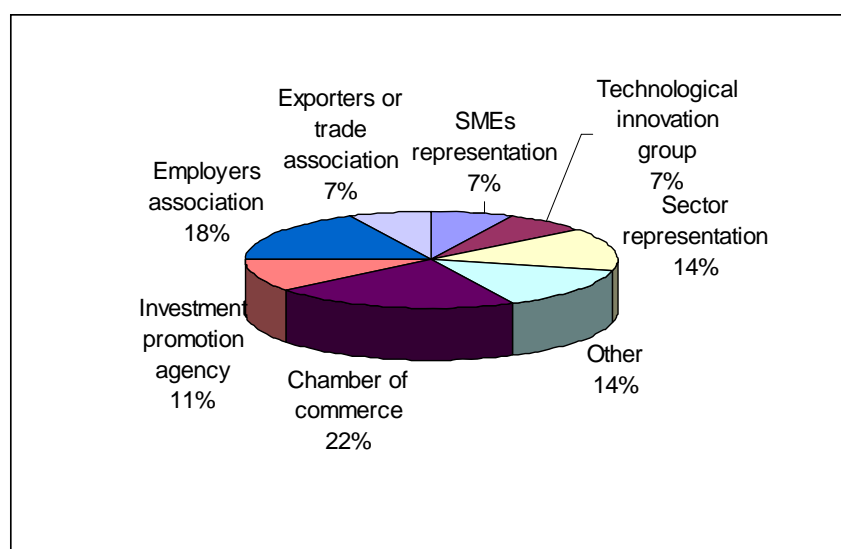
- absence of uniform regulations applicable to MFIs, unclear legislative environment, institutional weakness;
- lack of infrastructure in peri-urban and rural areas, and lack of skilled staff;
- lack of entrepreneurial skills among the borrowers;
- the position of the financial sector: lending to small companies is often perceived as high risk by the banks. The banks' requirements are thus high and not "poor-friendly", the cost of credit and rates of interest are high;
- rigidity of the financial system (no competition);
- lack of communication and information.

#### 6.4 Interventions to support intermediate organisations

The EC supports intermediate professional organizations in ten countries out of the 16. In total, 28 organizations were mentioned. According to the answers given, their number of beneficiary firms varied from 20 to 700. The nature of the organizations was diverse, as shown in chart 5 below.

In almost all countries, the intermediate organizations already existed before the start of the EC programmes. Two Delegations specified however that EC support played an important role in the development of these existing organizations or in the establishment of new intermediaries in the country.

**Chart 5 – Nature of EC supported intermediate organisation**



As far as political dialogue with the government is concerned, each of these intermediaries was occasionally (32%), regularly (32%) or systematically consulted (36%), but never "not consulted". Moreover, 75% of the Delegations noticed that there had been an increase in

their involvement over the years, and felt that the point of view of business sector organizations had been taken into account in the elaboration of policy.

Dialogue with an international organization was also very frequent. In most cases, it was with a sectoral international organization (38%), but some intermediaries have also contacts with a private professional intermediate or professional organization (23%), a trade-related international organization (19%) or some other intermediate organization (15%).

69% of the Delegations considered that factors other than the support from the EC had influenced the evolution of the capacity of intermediate organizations to provide services to their members or to conduct policy dialogue. The main factors cited by the Delegations were:

- the ability of the intermediate organizations to respond to the needs of their members;
- their capacity to generate a self-sustaining service, and thus to ensure their financial sustainability;
- the involvement of the government and the amount of government resources injected into the development of these institutions;
- the public-private dialogue;
- institutional changes, like the recent liberalization of the economy;
- other donor programmes.

Intermediate organizations always have alternative means of financing their activities to EC funding. These other sources of financing are:

- membership subscriptions,
- government subsidies,
- other donor funding,
- income from investments.

Finally, the main factors enhancing the implementation of EC interventions were, according to the Delegations, the availability of financial instruments (such as CDE, EIB, PROINVEST) and the extent of EC financial assistance, and access to competences that do not exist in the country. One country also quoted the high level of political support. On the other hand, factors hampering EC activities are:

- institutional weakness, lack of government awareness and involvement;
- the internal weakness of these intermediate organizations, their lack of capacity to approach and market themselves in Europe;
- the existence of other organizations with similar objectives, resulting in overlapping, and the absence of rationalisation of these structures;
- the strict control of the government on the development of independent organisations.

## 6.5 Interventions to support business-to-business partnership

In half of the countries analyzed, at least one of several partner-seeking meetings was organized within an EC programme.

Little information is given on these events. However, it seems that they are in general relatively recent (after 2000) and that they were very different in terms of size, attracting anything between 25 and 5,000 participants, with significant differences also observed within a given country.

Almost no indication on the number of agreements reached is mentioned in the replies to the questionnaire. Information was given for 3 meetings only, and the numbers put forward ranged from 1 to 176 agreements. Not enough information is available to say if there was a link between the number of participants and the number of commercial agreements reached.

The same difficulty arises as regards the nature and the date of the follow-up of these events: almost no information is available. All that can be highlighted is the experience of Mexico, which followed up each of its 5 partnership meetings with a questionnaire, after a period of six months or one year.

According to the Delegations, partners draw different kind of benefit from these meetings:

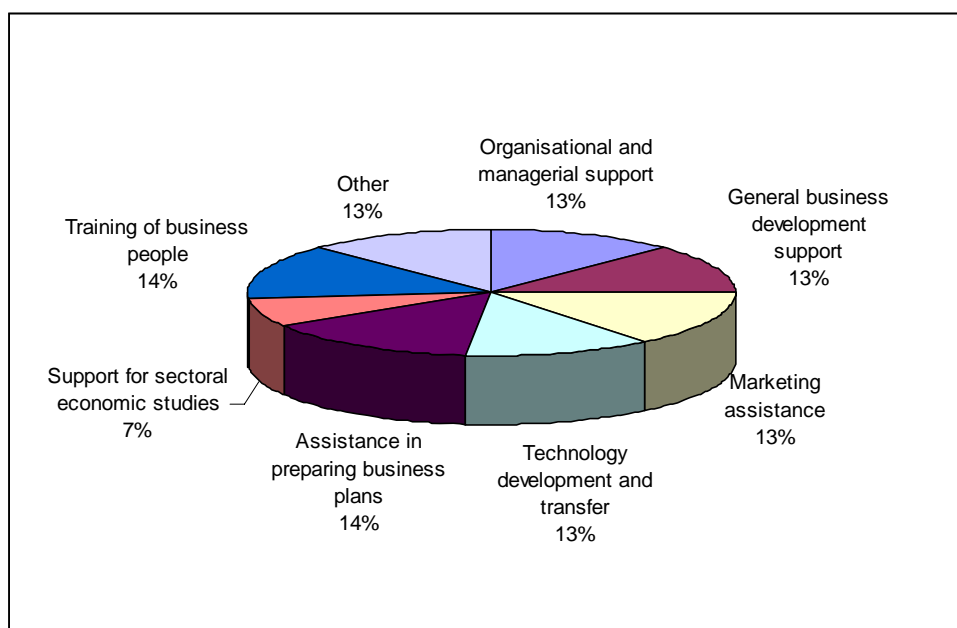
- exchange of views, networking;
- search for partners, sectoral meetings, business contacts;
- exposure to other markets, possibility of establishing alliances with European companies, access to the European market;
- technology transfer, learning of new strategies.

Factors of success in these partnership meetings included the effectiveness of local intelligence, the quality of the events organized and the appropriate targeting of the companies invited. Among the difficulties encountered were the economic crises which forces the SMEs to focus on the short term and thus relegate their efforts for their medium and long-term strategies, or the lack of interest of European business, according to the Delegations.

## 6.6 Interventions aimed at encouraging non-financial services provided to SMEs

In twelve countries out of 16, the EC programme supports the provision of non-financial services to SMEs. The EC often supports several types of service in each country. Overall, the nature of these services is very diversified, as shown in chart 6 below. No specific service is more offered than others. Support for sectoral economic studies is the only type of service that seems a little less supported by the EC.

**Chart 6 – Nature of non-financial services to SMEs**



Among the other type of non-financial services supported were quality and accreditation services, human resource management services, technical assistance, provision of infrastructure and equipment, market studies and other specific services (e.g. export related services).

Most often, both local and foreign expertise provided these non-financial services to SMEs. For 50% of the Delegations, the rate of use of services was in line with expectations, 25% of them felt that it was above expectations, and for the last 25%, the use of services was below expectations.

In all countries, the local supply of non-financial services had had a positive evolution since 1994 since it had increased in 92% of the countries and remained constant in 8% of them. No decrease of the supply had been observed in any of the 12 countries.

Other positive trends: 75% of the Delegations considered that there had been a shift from a direct provision of services to an approach based on encouragement of local supply of services in their country. For them, local supply of services presents a range of advantages:

it is more economical than an EC funded supply, delays tend to be shorter and procedures are shorter and less complicated. Moreover, private services establish a long-term relationship between the enterprise and the consultant, which EC support does not allow. On the other hand, the quality of local services may not be of the same level. Some countries encouraged a demand-driven approach from the enterprises, and a partially subsidised system for promoting the flow of non-financial services.

Unfortunately, little provision was made to ensure that the non-financial services provided with the support of the EC would continue to be provided after completion of the project or programme. Among the 6 Delegations that answered the question, three stated that provisions for sustainability (such as the transfer to a private organization, strengthening of specific institutions or financial support to the government) had been made. The other three admitted that little or nothing had been provided for in project documents to ensure the maintenance of service provision.

## 6.7 EC deconcentration process

The deconcentration process has shifted a number of responsibilities from Headquarters to the Delegations. The questionnaire investigated the effects this process had had on the design and implementation of interventions in favour of private sector development and highlighted in this respect five themes: identification of needs, the decision process, intervention costs, the workload of project managers at the Delegation and the efficiency of interventions.

On the basis of the responses to the questionnaire, the main effects of deconcentration may be summarized as follows:

- better identification of needs (except in those countries where the Delegation was already closely involved in the identification process) due to a closer interaction with private sector actors and a better understanding of the situation in the country;
- a speeding up of the decision-making process: less time-consuming interaction with Headquarters and a smoother interaction with local actors;
- intervention costs that are mostly comparable or lower;
- a heavier workload due to the more extensive involvement of the Delegation in all phases of the project cycle;
- greater efficiency due to better identification of need and a reduction in delays, without any increase in costs.

12 of the 16 Delegations that completed the questionnaire responded to the section on the deconcentration process (two of which did not respond to all questions).

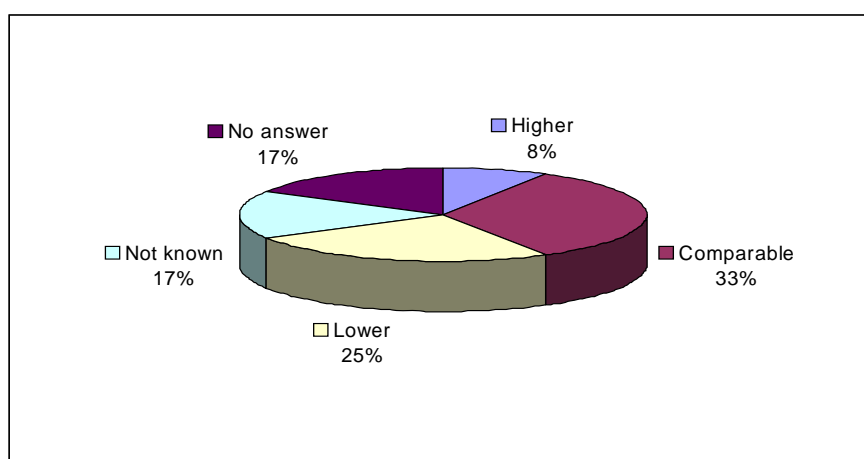
Two thirds of respondents considered that deconcentration led to a better identification of needs. The main reason given is the fact that being “on the ground” permits better contact and closer interaction with private sector actors (potential partners, beneficiaries, stakeholders, etc.) and, accordingly, better understanding of the situation. The task managers are also more involved with the content of the projects and tend to have a more

proactive approach. In turn, as mentioned by one Delegation, national authorities better recognize the role of the Delegation. From a more procedural point of view, one Delegation also indicated that deconcentration allowed for greater involvement of the Delegation in the preparation of the Country Strategy Paper and thus in identification of needs. However one-third stated that the Delegation had already been strongly involved in the identification process before and considered that deconcentration did not lead to any improvement in that respect.

Delegations were nearly unanimous in saying that the deconcentration made it possible to speed up the decision-making process during the identification and implementation stages of the interventions. The explanation in most cases is rather obvious: it is precisely the decision process that has been deconcentrated and as there is no (or less) need to consult Headquarters, time-consuming interactions between the headquarters and the Delegation have been significantly reduced. In addition, the above-mentioned closer interaction with private sector actors and a better understanding of the situation in the country also contributed to speeding up the decision process. It was however stated by one Delegation that the fact that decisions with respect to *commitments* still rest with Headquarters may create delays in the analysis of new application files. Further, one Delegation considered that the duration remained unchanged owing to legislative barriers that were rather specific to the country in question. One Delegation considered that it was too early to give an opinion on this, although it expected a speeding up of the process.

In terms of the evolution of the costs of interventions before and after deconcentration, opinions are more scattered, as shown in the chart below.

**Chart 7 – Level of intervention costs before and after deconcentration**



Most Delegations that answered to the questionnaire stated that the costs are comparable. However few explanations are given in this respect. One Delegation states that external expertise is still required; others simply state that they do not observe any change. Those that consider costs to be lower cite closer interaction with partners, reduction in reporting and monitoring time and greater efficiency in general. Some Delegations indicated that they

had no means of comparison. No clear explanation was available from the Delegation that considered costs to be higher.

Except in one case, Delegations were unanimous in saying that as a consequence of deconcentration, the workload (related to implementation procedures) of project managers at the Delegation has increased. The main reason is that the Delegation participates much more in all the phases of the project cycle (including identification and project formulation) and has to carry out all the tasks related to this increase of responsibilities, such as managing calls for proposals, negotiating contracts, monitoring and project implementation, reporting, and so on. Some however indicated that more resources had been made available to carry out the additional tasks. One Delegation stated that there was no increase in the workload, precisely because the additional tasks had been compensated for by the allocation of additional resources.

All Delegations that responded to this question (11) considered that deconcentration had made the EC interventions for supporting PSD more efficient. This improvement in terms of efficiency is related to the issues discussed above. The better identification of needs and closer co-ordination with PSD actors are indeed cited as factors that promote efficiency, as well as the reduction of delays in the decision-making process. But one Delegation underlined the fact that the lack of deconcentration of financing instruments is one of the factors that hampers efficiency.

## **6.8 A multi-country or single-country approach for the support to private sector development**

In some regions, preference has been given to providing support for the development of the private sector at a multi-country level instead of at country level. This might have effects on the design and implementation of the EC interventions in support of the development of the private sector.

On the 12 Delegations that responded to this theme, only two had been confronted with an evolution towards a multi-country approach for the implementation of EC interventions, one Delegation considering that it was too early to decide this, and another not responding. With respect to the issue of speeding up the decision-making process during the identification and implementation stages of interventions, one of the respondents for which a multi-country approach materialised stated that in his view the centralized approach is faster and more efficient in managing decision-making than multiple national programmes where too many authorities are involved. In terms of workload one of these two Delegations stated that centralized management leads to a reduction in administrative work, while the second thought the workload to be still comparable with the previous situation but expecting an increase when parts of the multi-country programmes become deconcentrated. Not much information was provided by these two respondents either in terms of cost of the multi-country approach (one just stating that expertise costs do not depend of the multi-country approach), or in terms of efficiency of the approach (one respondent suggests that a more efficient formula could be the combination of the multi-country and deconcentrated bilateral approaches).

Only a minority of Delegations (2 out of 12 respondents) had been confronted with the multi-country approach. Given this limited number of cases it is difficult to draw conclusions in relation to the speed of the decision-making process, increase of workload, especially since the opinions expressed do not really converge.

The remaining Delegations were divided when it comes to deciding whether or not they thought the introduction of the multi-country approach in their country was desirable or not:

- 50% were in favour, as they thought more should be done to realise the potential of the region to which they belong and to promote a stronger regional integration;
- 50% were unfavourable, mainly because in their view a multi-country approach cannot take into account sufficiently the specificities of each country and target the support accordingly.

The question of whether the Delegations think evolution towards the multi-country approach is desirable in their region was only posed to those Delegations not yet confronted with such an evolution. 50% (5 Delegations) of those respondents were in favour of such an evolution and 50% did not think that such an approach would be desirable in their region. Those that were favourable to the multi-country approach stated that there is a need for more regional coherence and underlined the benefits of existing regional programmes to realise the potential of a specific region and promote regional integration. On the other hand the Delegations that were not favourable underlined the differences in institutions, regulatory framework, economic development, political situation, and so on... of countries in a given region. In their view, in multi-country programmes instruments are not enough adapted to specific needs and the development stage of a specific country. In one case difficult political relations between two countries of a same region were invoked and in another case the multi-country approach was described as being too slow and bureaucratic.

## 6.9 The coherence between the EC strategy to support PSD and other policies or interventions

The coherence between the EC strategy for supporting PSD and other policies is a difficult issue to assess on a questionnaire basis alone. More direct dialogue and interviews with the Delegations are desirable to ensure good comprehension of the matter and an adequate assessment of the issue. This section presents the first elements that can be drawn from the survey, and it was proposed at the time of the Desk Phase that a more detailed analysis of this issue would be undertaken in the second phase of the PSD evaluation, during the field missions.

Among the twelve Delegations that answered the coherence questions, 40% thought that achievement of the objectives of EC projects to support development of the private sector was enhanced or hampered by other EC projects, programmes or policies. Moreover, 27% said that complaints about EU policies, regulations or programmes had been expressed by the beneficiaries, the Government or the operators of PSD programmes. The difficulties reported are:

- The Common Agricultural Policy; the new regulation on Official Feed and Food Controls (COM/2003/0052) will be an obstacle for agricultural exports to Europe.
- The European trade restrictions that are perceived to be hampering the export of some processed agro-based products into Europe.
- The excessively numerous programmes at ALL-ACP, at regional and national levels, which seem to do the same thing.

In general the Delegations have developed contacts with other Delegations and with Headquarters in Brussels. 67% of Delegations have contacts with fellow officers in charge of PSD from other Delegations in the same region but none of them have contacts with Delegations in other regions. Also, 67% have developed contact or co-ordination activities with fellow officers in charge of regional or multi-country PSD programmes such as Pro-Invest, AL-Invest, Asia-Invest, CDE or other PSD-related multi-country programmes from which their country could benefit: 42% with the officer in charge in Brussels and 25% with the management unit in their region. 33% have no contacts with other Delegations.

Finally, only 25% of the Delegations are aware of the EC experience of private sector support within Europe.

## 6.10 Coordination and complementarity

As with the coherence issue, the co-ordination and complementarity question is a difficult issue to assess on a questionnaire basis alone. More direct dialogue and interviews with the Delegations are desirable to ensure a good comprehension of the matter and an adequate assessment of the issue. This section presents the first elements that can be drawn from the survey, and it was proposed during the Desk Phase that a more detailed analysis of this issue would take place in the second phase of the PSD evaluation, during the field missions.

Among the 14 Delegations that answered the co-ordination questions, only 57% report that there is a multi-donor co-ordination group on Private Sector Development Support in their country, and moreover that those groups were very recent (after 1998 except for one country). The co-ordination meetings are organized quarterly or occasionally (on demand). Among the participants in the co-ordination group, one generally finds the main donors of the country involved in the sector, the Private Sector Ministry and other representatives of the government. In two countries the EC leads the co-ordination group. In general, there is some attempt to distribute tasks between the different donors.

A wide range of issues is discussed during the meetings. The main subjects are:

- information sharing on policy and PSD strategy, presentation of the different donor programmes;
- new interventions aimed at improving co-ordination and coherence between partners;
- needs, obstacles, discussions on how to overcome political obstacles;
- business environment, recent political and economic developments affecting the private sector;

- search for funding;
- ensuring that multilateral and bilateral support is deployed as efficiently and effectively as possible.

Most Delegations that gave an opinion thought there to be some convergence of views between the EC approach to PSD support and other donor programmes and policies. However, in 69% of the countries, there is no specific multi-donor programme to support PSD; among these, however, three countries mention that an effort is being made to establish such a programme.

Finally, 92% of the Delegations felt that achievement of the objectives of the EC projects in support of development of the private sector had not been hampered by any other project, programme or policy of a Member State. Only one country mentioned a Member State intervention as creating an obstacle for one of its EC-funded PSD projects.

## 6.11 Crosscutting issues

Crosscutting issues, such as gender issues, the environment and good governance, are identified by the EC as policy priorities that should be reflected in all EC interventions. Rather than attempting to assess the actual contribution made by PSD interventions to progress on these issues, the questionnaire aimed at finding out to what extent these issues are currently integrated into PSD interventions.

11 of the 16 Delegations that responded to the questionnaire answered the questions related to crosscutting issues. For the 5 Delegations that did not respond to this theme, it is not clear whether or not crosscutting issues were integrated into PSD interventions. The table below summarizes, for the Delegations that responded to this question, which crosscutting issues were taken into account and at what stage of the project cycle, and how they were integrated. The figures indicate the number of Delegations that ticked a particular box.

Overall the table shows that, at least at the identification and implementation stage, each crosscutting issue has been mentioned by around 50% of the responding Delegations. In terms of the evaluation stage (last row) this is only the case for a minority, which becomes even smaller when it comes to taking crosscutting issues taken into account as eligibility criteria – although this could function as a strong incentive – or through inclusion of an impact assessment. The same is true for developing specific monitoring indicators and providing guidance to public authorities. More has been done in terms of encouraging private sector initiatives for good practices. Overall, gender issues seem to have been taken slightly more into account than environment and good governance issues.

How have crosscutting issues been taken into account?	Gender issues	Environment	Good governance
At identification stage	5	6	5
At implementation stage	5	5	6
As eligibility criteria for projects or beneficiaries	3	1	2
By developing specific monitoring indicators	2	1	2
By encouraging private sector initiatives for good practices	5	4	3
By providing guidance to public authorities on how to deal with crosscutting issues	1	3	1
Through the inclusion of an impact assessment	1	2	0
At evaluation stage	4	3	3

A closer look at the answers shows that 10 of the 11 Delegations that responded have at one moment or another integrated at least two crosscutting issues. Most of them have had a rather constant approach to the issues, integrating them at several stages of the project cycle and using them in different ways.

Only 5 Delegations responded to the question whether they thought certain crosscutting issues that should be taken more into account in the design and implementation of EC PSD interventions so far. Three Delegations considered that this was not necessary. One Delegation stated that education and human resources development needed to be better in line with PSD. The fifth one stated that more needed to be done in terms of gender, notably in terms of support to the work of women, support to organizations representing women and support to female entrepreneurs.

Finally, an issue that was raised by one Delegation was the difference of perception of gender issues in Europe and in some of the beneficiary countries and the need to establish in this respect a framework that is acceptable to both parties.

In 10 of the 11 countries that responded to the questions on this theme, crosscutting issues (at least two) have been taken into account at one stage or another of the project cycle.

Crosscutting issues have been integrated mostly at the identification and implementation stages. They have also been taken into account by encouraging private sector initiatives for good practices.

Some suggestions have been made for improvement, such as incorporating education as a crosscutting issue or giving more attention to 'cultural differences' when dealing with gender issues.

## 7. Survey on the Thematic Network to EC Delegations

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### 7.1 Introduction

This annex presents a complementary survey conducted during the Field and Synthesis Phase of the PSD evaluation. It focuses on the exchange of information and tools between HQ and Delegations and the interviewees were EC staff in charge of PSD interventions in the 16 Delegations that replied to the first survey (see section 6 of Annex 5).

These interviews aimed at analysing the knowledge and use by the Delegations of the information and tools provided by HQ through the PSD website and assessing the needs of the Delegations in this respect within the context of deconcentration. The interviews also investigated the types of useful information and tools that could be provided from Delegations to HQ.

There were both face-to-face and telephone interviews, as well as exchanges over e-mails. The face-to-face interviews took place during the five country missions. Telephone interviews and e-mail exchanges were held for a sample of 11 Delegations. For purposes of confidentiality, the sources of the quotations included in the slides have been masked.

The following pages present, in the form of a slide presentation, the purpose and method used to carry out the survey and then presents the findings which in turn are divided in two parts:

- Knowledge - presenting findings regarding the knowledge and use by the Delegations of the information and tools provided by Headquarters through the PSD network website.
- Needs - presenting the types of useful information and tools that could be provided from Delegations to Headquarters and the needs of the Delegations in this respect within the context of deconcentration.

## 7.2 Presentation of results

### Agenda

- Purpose and method
- Findings

### Purpose and method

- **Purpose: Obtain feedback from Delegations on their**
  - **Knowledge and use** of the PSD network website and of the information/tools provided through it. (survey section 1)
  - **Needs** in terms of the exchange of thematic information/tools (survey section 2):
    - Type of information.
    - Channels.
- **Method: Through a survey**
  - Interviews with 16 EC Delegations implementing PSD programmes:
    - Telephone / email interviews with 11 delegations\*.
    - Face-to-face interviews during the 5 country missions.
  - Regions covered:
    - ACP: Benin, Dominican Republic, Jamaica, Kenya, Madagascar, Zambia.
    - Asia: Thailand, Pakistan, Vietnam, Bangladesh.
    - MEDA: Morocco, Tunisia.
    - Latin America: Bolivia, Mexico, Peru .
    - CARDS: Bosnia and Herzegovina.

## Agenda

- Purpose and method
- Findings
  - Section 1: knowledge

### The delegation's knowledge about the existence of the PSD network website and its use is limited

**Question 1.1:**  
Are you informed of the existence of the PSD network website?

Response	Percentage
No	67%
Yes	33%

survey answers (total 16)

↓

**About a third of respondents know about the PSD network website**

**Question 1.2:**  
Do you use the PSD network website?

Response	Percentage
No	94%
Yes	13%

survey answers (total 16)

↓

**Only 2 respondents (out of 16) have used the PSD network website**

## Interviewees' comments explaining limited knowledge and use of the website

### Knowledge (q.1.1)

- Reasons invoked for not being informed about the website include:
  - Delegation staff (involved with PSD) were not «pro-actively» informed about the existence of the PSD network and/or website.
  - High turnover of staff at the Delegations and lack of info sharing between rotating staff.

### Use (q.1.2)

- Reason invoked for limited use of the website include:
  - Staff is not informed about the website's existence.
  - The website contains too limited information that responds to their needs (see section 2).
  - A website is not sufficiently pro-active as a channel for exchange of info/tools (see section 2).

## Given limited knowledge of the website, it is difficult to draw conclusions about what sections of the website are being used

### Survey questions:

- **Sections of the website used:**
- **For what purpose:**

### Survey answers (2 respondents):

- Project examples. (Financing proposals, examples of TOR)
- Documents. (Guide to PSD)
- When designing programmes



**Given the lack of knowledge of the website's existence and limited use of it, very few insights could be generated on the use of the information/tools available through the website**

## Agenda

- Purpose and method
- Findings
  - Section 2: needs

## The survey answers on needs are presented in two steps

**Step 1:**

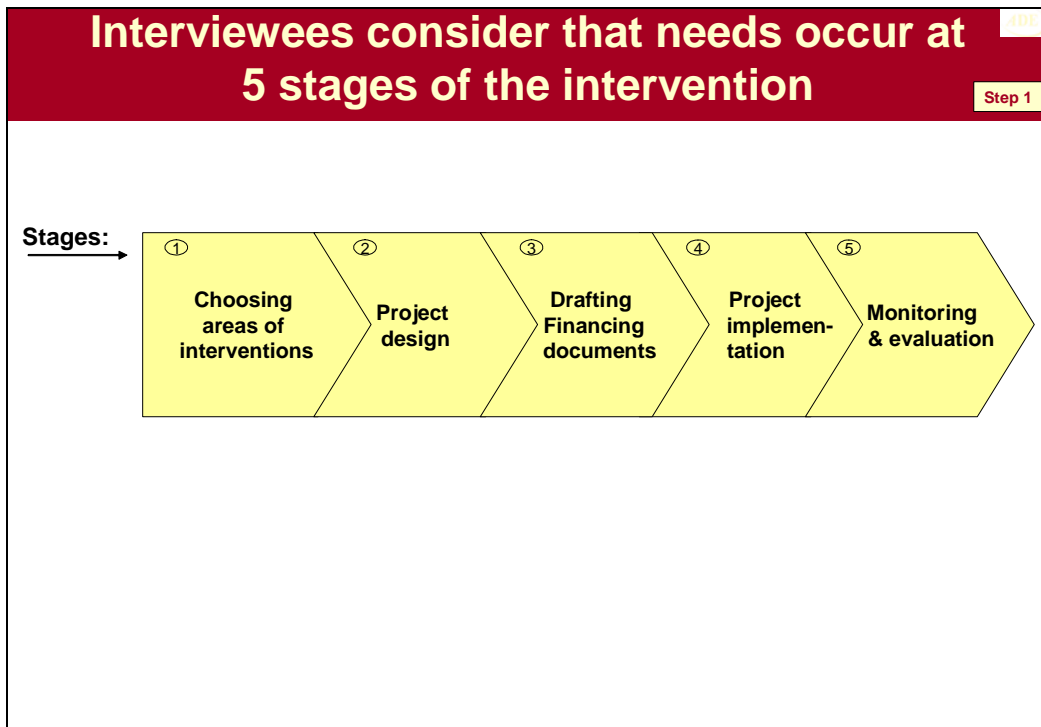
- Interviewees' views on their needs in terms of exchange of information/tools.

→

**Step 2:**

- Interviewees' views on the most appropriate channel to respond to their needs.

\*Findings on exchange of information *between headquarters and delegations* (in both directions) and between *between delegations* will be treated together



## Interviewees mention the following existing support mechanisms

ADE Step 1

Note: The following is based on interviewees' expressed knowledge of current support

Current support	① Choosing areas of interventions	② Project design	③ Drafting Financing documents	④ Project Implementation	⑤ Monitoring & evaluation
<b>PSD network</b>	Guidelines on PSD	Guidelines on PSD	Examples of FP and TOR		
<b>Other Delegations</b>	Ad-hoc sharing best-practices	Ad-hoc sharing best-practices			
<b>Beneficiary government</b>	Information on country needs & other donor activities	Information on country needs & other donor activities			
<b>Other donors</b>	Consultation meetings + literature research	Consultation meetings + literature research			
<b>Identification missions</b>	Identifying country needs + formulation of activities	Identifying country needs + formulation of activities			
<b>Quality support group</b>			Feedback on Project proposal		
<b>Country desk</b>	Support in choosing areas of intervention	Support in choosing activities	Drafting financing agreement		Support in designing the TOR
<b>External consultants</b>		Designing a project		Implementing the project	Design and implementation of monitoring

## But most interviewees agree that current support mechanisms are not sufficient ADE

Step 1

Current support ↓ **What interviewees think about current support include:**

<b>PSD network</b>	<ul style="list-style-type: none"> <li>• Limited knowledge and use by the Delegation.</li> </ul>
<b>Other Delegations</b>	<ul style="list-style-type: none"> <li>• Mainly inter-regional and ad-hoc.</li> </ul>
<b>Beneficiary Government</b>	
<b>Other Donors</b>	<ul style="list-style-type: none"> <li>• Limited to the delegation's country.</li> </ul>
<b>Identification missions</b>	<ul style="list-style-type: none"> <li>• Delegations may be left with lots of decision-making at the end of the mission.</li> <li>• Quality of teams vary.</li> </ul>
<b>Quality support group</b>	<ul style="list-style-type: none"> <li>• Input is given mainly on formal aspects.</li> </ul>
<b>Country desk</b>	<ul style="list-style-type: none"> <li>• Desk usually only have info about their own country.</li> </ul>
<b>External consultants</b>	<ul style="list-style-type: none"> <li>• Their knowledge about PSD varies.</li> </ul>

## Need for support when choosing areas of interventions ADE

Step 1

▪ **Need:**

- To make **informed decisions** when choosing areas of PSD interventions for the country and learn how to put theory into practice.
  - « We know that our ultimate objective is poverty reduction, but we don't know what's needed nor what works best in PSD to achieve that goal. » i3
- To conduct a **constructive dialogue** with local authorities.
  - « I would like to have my own arguments when discussing with the government » i1

▪ **Concrete requests:**

- Examples of PSD strategies deployed in other countries (especially countries in the same region or with similar characteristics).
  - « PSD is not a science, so it's difficult to do much more theory beyond the (useful) PSD Guidelines. We need example of strategies deployed in similar countries to see how the Guidelines work in practice. » i2
  - « Showing the government successful strategies deployed in other countries is key for persuasion during our dialogues. » i2
- Methodologies applied in the European context; insights on sector-wide approaches; synergies between PSD and trade issues.

Note: ix = Interviewee from Delegation in country x

## Need for support when designing projects

ADE

Step 1

- **Need:**
  - To be **aware of available projects/instruments** to reach objectives in an area.  
*« Our programme to support companies to move towards finalised production could be used in other parts of the region. » i14*
  - To be **informed of best-practices** when designing a project.
- **Concrete requests:**
  - comprehensive list of projects and instruments classified per country and topic;
  - best practices on how to design a project:
    - Type of programmes and instruments that work well:
      - Examples: How to increase access to finance (i3), How to foster public/private partnerships in the sector (i5)
    - Guidelines to design a certain programme:
      - Examples: Components to include (i13), Priorities (i3), Which local actor to involve, Key success factors and general lessons learned (i1, i4, i14)
    - How can regional cooperation be maximized:
      - Example: networking between different delegations and HQ on possible synergies and linkages (i4), information sharing of activities in similar regions (i7)

Note: ix = Interviewee from Delegation in country x

## Support in drafting financing agreements

ADE

Step 1

- **Need:**
  - Lack of knowledge on how to **concretely draft FAs**.

Note: Some however felt they were getting enough support from the country desk.
- **Concrete requests:**
  - Models or examples of financing agreements for PSD projects. (i5)

Note: ix = Interviewee from Delegation in country x

## Support in project implementation

ADE

Step 1

- **Need:**
  - To know best ways to **interact with all relevant stakeholders.**
  - To be aware of **procedures when recruiting consultants.**
- **Concrete requests:**▪ For stakeholders, best-practices on:
  - How to approach local authorities. (e.g. chamber of commerce.) (i13)
  - How to organize promotional activities. (e.g. what's the best way to increase awareness of the project among beneficiaries.) (i13)
  - Best tools/guidance to avoid conflicts of interests. (i7)
  - TA component (e.g. models of TA tender dossier) (i5)

Note: ix = Interviewee from Delegation in country x

## Support in monitoring & evaluation

ADE

Step 1

- **Need:**
  - To know what are the best **tools for monitoring.**
- **Concrete requests:**▪ Example include:
  - What are the key indicators applied to PSD? (i5)
  - What is best frequency for monitoring activities? (i13, i2)
  - « I have implemented a weekly monitoring system which was proven to be very effective and which I would like to share with other delegations for their future PSD activities. » i2

Note: ix = Interviewee from Delegation in country x

## The survey answers on needs are presented in two steps

**Step 1:**

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**Step 2:**

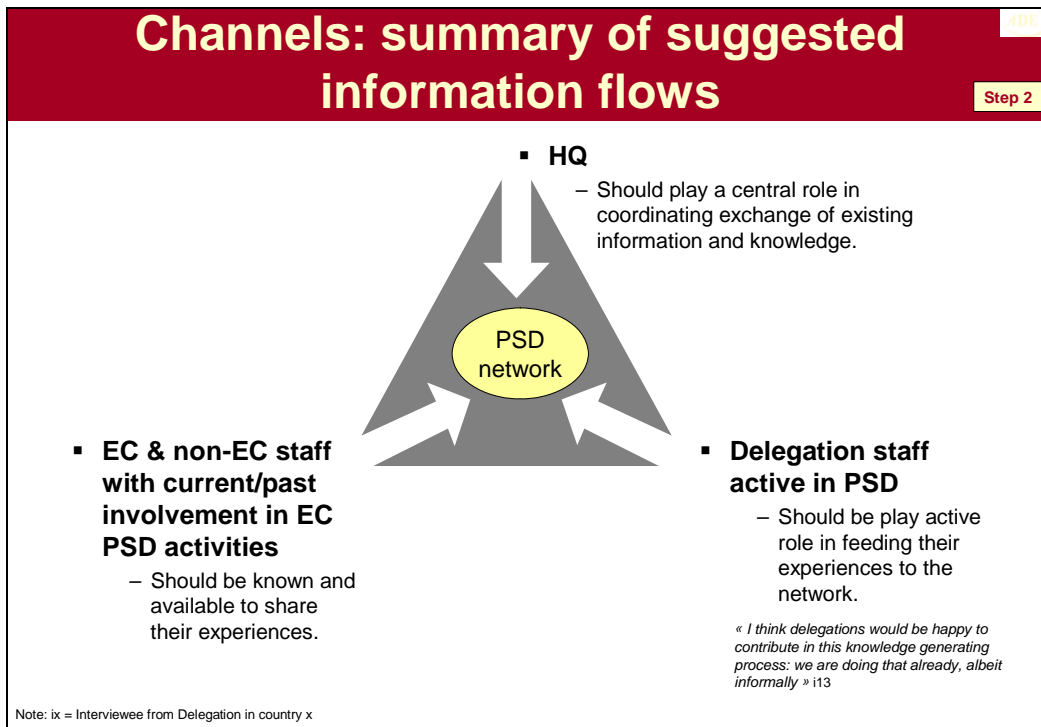
- Interviewees' views on their needs in terms of exchange of information/tools.
- Interviewees' views on the most appropriate channel to respond to their needs.

\*Findings on exchange of information between headquarters and delegations (in both directions) and between delegations will be treated together

## In terms of channel provision, most agree that it is important to be pro-active

- **A comprehensive website is a good basis, but not sufficiently pro-active**
  - « We need a comprehensive website that includes a lot of data, not just few examples. » i2
  - « A website is a good start, but is too passive, considering that it takes time for delegation to constantly look for updated information. A regular newsletter for example would be more pro-active. » i1
- **Suggested pro-active channels include**
  - Regular newsletter (most delegations)
    - « My ideal newsletter would be on a monthly basis, containing:
      - The main EC PSD activities in my region and in other parts of the world.
      - A review of finished projects: what are the best practices, the difficulties encountered, the monitoring process used.
      - The latests reports available (list of evaluations, newly published reports from other donors, etc.) » i13
  - Discussion seminars. (i14, i1, i10)
  - Training. (i1, i7)
  - A reference base of staff (EC and external consultant) that has been involved in PSD which can be contacted. (i1, i2, i7)
  - Email flashes when there are new key info/things on the website. (i7)
- **Formalities in the channels should be minimized**
  - « There is a need for support from the headquarters, but it is important that this support takes place through informal channels in order to avoid delays due to procedures. » i10

Note: ix = Interviewee from Delegation in country x





## 8. Other donors' PSD strategies

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### 8.1 World Bank<sup>43</sup>

The current World Bank Group Private Sector Development (PSD) strategy was released in April 2002. The PSD strategy places particular emphasis on improving the investment climate and enhancing the delivery of basic services, especially to poor people. To this end it argues for policy reforms and commercial disciplines on World Bank Group (WBG) support to the private sector. It also stresses the need to systematically engage stakeholders, in particular the private sector, in the diagnosis of development issues, identification of reform priorities and implementation of programmes and projects.

PSD requires a good balance between the complementary functions of the State and the private sector. It is about judicious refocusing of the role of the State, not about indiscriminate privatisation. Sound government policies that provide room for private initiative, and that set a regulatory framework which channels private initiative in ways that benefit society as a whole, are critical. This in turn requires institution-building and capacity-building. Within this framework, direct public support to private firms may be desirable to enable entrepreneurs to enter markets or open up new ones. Public policy for the private sector and direct support to the private sector need to form part of a comprehensive approach to development and reflect country and sector conditions.

The first pillar of such an approach is enhancing the investment climate which in fact covers the legal and regulatory environment, the quality of the financial sector and a sound macroeconomic environment. Indeed the critical features of a sound investment climate include a rational governance system that allows firms to pursue productive activity without harassment, contracts and property rights to be respected and corruption to be reduced. Equally important is an infrastructure that allows private entrepreneurs and their employees to operate effectively. Competition and, where necessary, regulation are essential to channel private initiative in socially useful directions. A sound financial sector is required to allow firms to enter the market and operate effectively as well as to help restructure failing firms. A stable macro-economic environment and an economy which is open to trade are also elements of a good investment climate. Overall, enhancing the investment climate is about better public policy for the private sector, including the required supporting institutions.

The second pillar complements investment climate improvements and aims at unleashing supply response by providing direct support to formal small and medium firms as well as to entrepreneurs in informal settings. Such support may include both finance and advice. Several decades of attempts to provide such support have revealed the key success factors. First and foremost, successful direct support to firms requires a sound investment climate that provides incentives to use public support well. Second, both financial and advisory support needs to be aligned with market forces. Financial terms of loans and investments

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<sup>43</sup> World Bank (2002), Private Sector Development Strategy – Directions for the World Bank Group, <http://rru.worldbank.org/Documents/PapersLinks/699.pdf>.

should not be subsidized. Any subsidy should be transparently targeted on institution-building and capacity-building objectives which justify subsidy on grounds of externalities, for example some forms of vocational training.

## 8.2 Inter-American Development Bank<sup>44</sup>

In the Private Sector Development strategy (PSD), released in January 2004, the Inter-American Development Bank group<sup>45</sup> (IDB) has reinforced the essential role of the private sector development in promoting growth, poverty reduction and social equity. It has focused on the fact that, with the financial and non-financial instruments, the IDB could help governments in providing public goods, regulating markets, promoting positive externalities and overcoming market failure. However, the IDB seeks more direct involvement at both firm and investment levels. To achieve this objective, the IDB has developed **four strategic orientations**:

**Development of an enabling environment for business.** The IDB will intensify its work on the identification and elimination of barriers to private-sector-led development based on collaboration and transactions with public and private sector and in coordination with other multilateral institutions.

**Financial support for specific private sector projects.** Investment and financing transactions will continue to be a central focus of IDB operations as the region works to improve its legal and regulatory framework, increase macroeconomic stability, and enhance the institutions needed to deepen its financial and capital markets.

**Leveraging development impact in underserved markets.** The IDB will focus on smaller scale firms and on issues relating to informality, while addressing the special needs of small, low-income countries. It must also address the needs of markets that are underserved owing to temporary adverse circumstances.

**Engaging the private sector in dialogue and action.** With its experience and involvement in the region, the IDB can bring together the private sector, public sector, civil society and international institutions for discussion to build a common vision and identify joint actions for private sector development. The IDB can promote corporate social responsibility and issues of common interest that further economic and social development.

To implement these four strategic orientations, the IDB has decided to work on **four action areas**. The first will be a country action focus, which means that each country will have a special intervention through the elaboration of a Country Private Sector Development strategy. The second will develop co-ordination and joint action for the IDB group in order to maximize the role of each operational unit within IDB in favour of

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<sup>44</sup> Inter-American Development Bank (2004), *Private sector development strategy*, <http://www.iadb.org/sds/doc/PSDstrategyPSCC4edited.pdf>.

<sup>45</sup> The IDB group is composed of the Inter-American Development Bank (IDB), the Inter-American Investment Corporation (IIC) and the multilateral Investment fund (MIF).

private sector development. The third has to do with broadening the scope of action and therefore uses the IDB instruments (lending, investment and technical assistance) in all sectors of private activity. Moreover, individual transactions will be carried out by units of the IDB so as to provide the most appropriate interventions. Finally the fourth action area will consist of developing a strategic partnership with the private and public sector as well as with other multilateral, bilateral and regional institutions.

### 8.3 Asian Development Bank<sup>46</sup>

Given its focus on a region with a predominance of countries in transition from a centrally planned to a market economy, the ADB PSD strategy is developed around the precept that while governments should shift away from commercial business, they must develop a capacity to create and sustain the legal and market institutions needed to facilitate and regulate private sector activities. The process of creating the enabling environment for domestic and foreign private investors and shifting the role of government from owner-producer to facilitator-regulator, and the large adjustment costs associated with such a shift, are both major challenges for which the Developing Member Countries (DMCs) need ADB continued and intensified support.

ADB has long been involved with PSD. The institutions draw two lessons from its experience with private enterprises. First, the right policy environment is vital for the long-term viability of these businesses. While ADB has assisted DMCs in developing an enabling environment for the private sector, the Asian financial crisis has called for more comprehensive DMC efforts with ADB support. Second, ADB assistance in addressing development challenges, if channelled through both public and private sector windows combined, can provide synergistic solutions resulting in greater benefits for the host DMC. Such a combination requires public sector assistance to take more systematic account of private sector interests and concerns, and private sector assistance in its turn to promote development impact in its activities.

In the year 2000 the ADB issued renewed the strategic orientation of its PSD interventions. Traditionally its strategy focused mainly on its direct non-government-guaranteed assistance through Private Sector Organisations (PSO). The “new” strategy goes beyond that and addresses the more complex challenge of how both ADB public and private sector operations can better promote private sector-led growth. The strategy is built around three main thrusts (Creating Enabling Conditions, Generating Business Opportunities, Catalysing Private Investment) so as to impact on the private sector’s contribution to pro-poor growth.

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<sup>46</sup> Asian development Bank (2000), Private Sector Development Strategy.



## 9. PSD-specific Indicators

### 9.1 Introduction

This section presents a set of PSD indicators developed by a Committee of Donors set up to develop common indicators for assessing performance of PSD programmes according to key criteria. Indicators are presented for the following areas of intervention:

- Business Environment
- Business Development Services

### 9.2 Business environment

Extracted from a report published by the Committee of Donor Agencies for Small Enterprise Development, the following chart is an attempt to describe the relationship between donor interventions that aim to reform the business environment for small enterprises; the instruments used for this purpose; indicators of change that may be used to measure the outcomes of donor assistance; and indicators of possible impact.

Focus of donor intervention	Donor-support reform instruments	Indicators of change (outcomes)	Indicators of possible impact
<b>Macroeconomic policies and strategies</b>			
Private sector development strategies	TA for reviewing and drafting strategies  Bench-marking of investment climate  Study tours for ministers and senior bureaucrats	New or revised private sector development strategies prepared and adopted by government  Improvements in investment climate ratings  Greater understanding among policy-makers for the role the private sector can play in development and poverty reduction	Increased investment in private sector
Privatization strategies	TA for reviewing and drafting strategies	Decline in the number of State-owned enterprises	Decline in government funds lost through SOEs  Increased investment in private sector

Focus of donor intervention	Donor-support reform instruments	Indicators of change (outcomes)	Indicators of possible impact
<b>Policy, legal and regulatory framework</b>			
Small enterprise promotion policies	TA for policy drafting	New or revised laws prepared and adopted by government	Greater precision in government efforts to promote, govern and monitor the small enterprise sector Fewer undesired market distortions created by government Better synergies forged between small enterprise development and national development strategies Reduced marginalisation of the small enterprise sector
Business regulations	Regulatory impact assessment	Improved understanding between policy-makers and regulators of the impact of regulations on business behaviour	More efforts are taken to reduce the undesired impact of regulations on small enterprises Less regulatory bias against small enterprises
	TA for improving regulations	New or revised regulations prepared and adopted by government	Fewer obstacles or constraints on small enterprise activities (e.g., fewer procedural steps for compliance)
Property rights and contract enforcement	TA for improving property laws and regulations	New or revised property laws and administration procedures prepared and adopted by government	Fewer disputes involving claims over property
	TA for improving contract laws and enforcement mechanisms	New or revised contract laws and enforcement mechanisms prepared and adopted by government	Shorter times for small enterprises to obtain a judgement from commercial courts
Tax, trade and labour issues	TA for improving specific policies, laws and regulations	New or revised policies, laws and regulations	

Focus of donor intervention	Donor-support reform instruments	Indicators of change (outcomes)	Indicators of possible impact
<b>Governance systems</b>			
Improving the performance of government ministries	Organizational capacity building (training, organizational development)	Government ministries have clear implementation strategies and work plans	Greater responsiveness by government to the current needs and opportunities of the small enterprise sector
		Staff have been trained and are better equipped to perform their functions effectively	
Improving the performance and accountability of regulators	Organizational capacity building	Regulators operate in a more transparent and accountable manner	Less corruption and rent-seeking by regulatory authorities Fewer regulatory obstacles and constraints to small enterprise activities Greater involvement of the private sector (especially small enterprises) in regulatory activities (e.g., self-reporting, business associations involved in self-regulation and managing regulatory functions)
		Staff have been trained and are better equipped to perform their functions effectively	Greater efficiency within regulatory authorities
Improving the representation and advocacy of small enterprises	Supporting the development of business representative organizations	Increase in the number of small enterprises participating in chambers of commerce and other forms of business organization	Improved representation of small enterprises in chambers of commerce and other forms of business organization Improved benefits for small enterprises to join chambers of commerce and other forms of business organization

Focus of donor intervention	Donor-support reform instruments	Indicators of change (outcomes)	Indicators of possible impact
	Support for public-private dialogue	Chambers of commerce and other forms of business membership organizations have a clear advocacy agenda	Stronger 'voice' for reform within the small enterprise sector
		Increase in the number of formal and informal consultations between government and chambers of commerce and other forms of business membership organizations	

Source: Committee of Donor Agencies for Small Enterprise Development (2004), Working Group on Enabling Environment.

### 9.3 Business Development Services

Extracted from a report published by the Committee of Donor Agencies for Small Enterprise Development, this table represents the current state of efforts to develop a set of common indicators that are valid, practical and useful for assessing performance of BDS programmes according to key criteria.

GOAL 1: INCREASE OUTREACH					
ASSESSING BDS MARKETS					
Objective	Indicators	Market		Program	
		1	X	1	X
	<b>YEAR:</b>				
Expanding the Market for BDS	Market Size: number of SEs acquiring the service through any transaction type				
	Market Size: number of SEs purchasing the service				
	Market Size, supply: volume of annual sales				
	Market Penetration: % of potential SE market acquiring the service				
	Awareness: % of SEs aware of the service				
	Reach: % of those aware who have purchased services at least once				
Developing a high quality, diverse, competitive market	Number of BDS suppliers	n/a	n/a		
	Number of service products	n/a	n/a		
	Number and proportion of multiple-purchasers out of all purchasers (retention)				

	Satisfaction with last service purchase				
Deepening the market: reaching underserved groups	Number and % of SE customers purchasing BDS who represent targeted populations				
	% of potential SE target market acquiring the service				

<b>GOAL 2: SUSTAINABILITY AND COST-EFFECTIVENESS</b>				
<b>ASSESSING BDS SUPPLIERS AND FACILITATORS</b>				
<b>Objective</b>	<b>Indicators</b>	<b>Yr1</b>	<b>YrX</b>	
Achieve supplier sustainability	BDS supplier profitability (ratios to be determined.)			
	Profitability of particular BDS Service (ratios to be determined.)			
Improve programme cost-effectiveness	Simplified cost-benefit assessment comparing total, cumulative programme costs to aggregate program benefits (sum of impacts as defined below) for entrepreneurs.			
	Total programme cost per customer served.			
	Total programme cost per supplier assisted.			

<b>GOAL 3: IMPACT</b>				
<b>ASSESSING BDS CUSTOMERS, SMES</b>				
<b>Objective</b>	<b>Indicators</b>	<b>Yr1</b>	<b>YrX</b>	
Increase customer acquisition of BDS (increase sales)	Percentage of customers reporting high satisfaction with a business development service.			
	Repeat customers: % of all customers who purchase at least twice.			
Increase customer use of business development services	Percentage of customers who applied the business service to their business, as defined by the programme. (e.g.: percentage who accessed new markets, developed new products, improved management practices, started keeping formal accounts, reduced costs, etc.)			
Increase customer benefits from BDS	Change in estimated gross profit, from before and after receiving the service (if gross profits prove too difficult to collect, the PMF field research team is also considering using sales data alone.)			
Attribution of the change to the BDS	Of the businesses that improved their estimated gross profits, what percentage attributes the change to the BDS?			

Source: Committee of Donor Agencies for Small Enterprise Development (2001), *Guiding Principle for Donor Intervention on Business Development Services*.