



European  
Commission



# Evaluation of the European Union's Support to Private Sector Development in Third Countries

**Final Report**

**Volume III**

**Annex 3**

**March 2013**

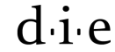
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A consortium of EGEVAL II (ADE, PARTICIP), DRN,  
ECDPM, ODI & DIE  
c/o ADE, leading company

**Contract No EuropeAid/122888/C/SER/Multi**

**This evaluation was commissioned by  
the Evaluation Unit of the  
Directorate General for Development and Cooperation – EuropeAid  
(European Commission)**

*The opinions expressed in this document represent the authors' points of view  
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The author accepts sole responsibility for this report, drawn up on behalf of the Commission of the European Union. The report does not necessarily reflect the views of the Commission.

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## Annex 3 – Intervention Fiches and data collection grids

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This annex includes:

- the **selection criteria** for the nine country visits and the 27 case study interventions
- the full set of **Country data collection grids** and **Intervention fiches** for the 9 selected countries
- the **General data collection grid** *and*
- a **grid** presenting the information collected in the course of interviews at the **EIB**.

The Reference Group decided to replace the field visit to Zambia by a field visit to Kenya, the present annex therefore includes the Fiches for the interventions in Zambia and the data collection grid for Zambia which were produced in the Desk phase, as well as the Data collection Grid for Kenya which was produced following the Field visit to Kenya.

**The intervention fiches** give a concise overview of each of the 27 interventions selected for detailed analysis. Information covers the following elements:

- Intervention type ;
- Start and end date ;
- Budget committed, contracted and disbursed ;
- Intervention beneficiaries ;
- Country and region of intervention ;
- Intervention description ;
- Background and history ;
- Overall objectives ;
- Specific objectives ;
- Expected results ; *and*
- Main activities.

**The data collection grids** include findings for each Evaluation question, at the level of judgment criteria or of indicators, based on the information collected by the evaluation team during the desk and field phases of the evaluation.

- Each **Country grid** covers one of the 9 countries analysed. Data sources are programme documentation (Action Fiche, Financial Agreement, ROM and Evaluation reports) for the 27 interventions selected in the 9 focus countries, the CSPs/RSPs for the countries and regions in question, and information provided in interviews conducted during the desk and field phases of the evaluation.
- The **General data collection grid** covers information collected on the EU's general PSD strategy in third countries.
- The last grid presents the information collected in the course of a series of interviews at the **EIB** conducted at the end of the field phase of the evaluation.



# Selection of countries visited and intervention studied

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As detailed in Section 3 of Volume 1, nine countries were selected for field visits and 27 interventions were studied in-depth. The selection of each country and intervention was made on the basis of several criteria, outlined hereunder. All interventions were drawn from the inventory presented in Annex 2.

## A3.1. Selection of country visits

Visits were undertaken to nine third countries during the field phase, namely: Algeria; Jamaica; Jordan; Kenya; Morocco; Nicaragua; South Africa; Ukraine; Vietnam.

The field visits allowed the evaluation team to complement the information collected during the desk study stage on the different evaluation questions, judgment criteria and indicators. The country visits included interviews with a variety of stakeholders, including beneficiaries of PSD support, project managers at the EU Delegation, project implementers, public officials in the country, other donors and private sector representatives; as well as visits to EU-supported projects on the ground.

The nine countries were selected based on a number of criteria. A complex balance was found allowing covering those different dimensions as follows:

- **Funding:** The selected countries represent 27% of the total amount of PSD support contracted worldwide, and include beneficiaries amongst the 25 largest recipients of PSD support;
- **Regions:** The major regions of EU support to PSD are represented, with a higher number of countries for the largest recipient regions: ACP (1 African country benefiting from the EDF + South Africa<sup>1</sup> + 1 Caribbean country), ENP/MEDA (3), ENP/TACIS (1), Asia (1) and Latin America (1);
- **Areas of interventions:** The selection covers all Commission areas of PSD interventions, taking account of their respective weight in the inventory of direct support;
- **Aid modalities:** The selection offers a wide range of different aid modalities, from traditional project/programme modalities to joint management (e.g. with the WB, EBRD, EIB) or budget support. The selection includes both sector budget support and global budget support with PSD indicators<sup>2</sup>;
- **Previous PSD evaluation:** Three countries<sup>3</sup> visited under the previous evaluation of the European Commission's support to PSD, published in 2005, have been selected

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<sup>1</sup> South Africa belongs to the ACP Group and is a signatory of the Cotonou Agreement, but does not benefit from the European Development Fund (EDF) because of its particular situation; it has its own budget line (AFS).

<sup>2</sup> Jamaica and Vietnam, as reported in a monitoring table provided by unit C4 of DG DEVCO.

<sup>3</sup> Jamaica, Morocco and Vietnam.

with a view to allowing the evaluation to provide interesting information on the evolution of Commission policies and programming and impact at country level; *and*

- **Coordination:** The selection has taken account of mission countries of other recent or on-going evaluations, such as the Trade-Related Assistance evaluation, the CDE evaluation and the EU/ACP Microfinance Programme final evaluation, to the extent possible.

### A3.2 Selection of interventions

A total of 27 interventions were reviewed through in-depth desk study and were covered during the field missions; they all relate to one of the nine countries to be visited (see Table A3.1 below).<sup>4</sup> The proposed selection has two to four interventions per country.

Although such a selection cannot aim to be “representative” in a statistical sense, the selection process has been based on a number of criteria selected to reflect the diversity of interventions implemented, namely:

- **Funding:** 12% of total direct support to PSD over the period evaluated (€293m out of €2.4bn and 25% of total indirect<sup>5</sup> support to PSD over the period evaluated (€269m out of €1.1bn), with a variety of intervention sizes (from €1.1m to €125.6m);
- **Regions:** 25 out of the 27 interventions have been implemented in the nine countries selected for the field visits, covering the key beneficiary regions of EU support to PSD (ACP, ENPI/MEDA, ENPI/TACIS, Asia and Latin-America). Two interventions<sup>6</sup> are regional and have been implemented in Central America and in the ENPI East Region;
- **Period:** the selected interventions are spread over the entire 2004-2010 evaluation period, allowing covering for instance results and impact of closed programmes and relevance aspects of the latest approaches.
- **Channels of delivery / Aid modalities :** the selection covers a variety of channels:
  - Seven through Partner states and/or their administrations (incl. sector budget support and global budget support with PSD indicators);
  - Six through private companies;
  - Six through international organisations (incl. WB, EBRD, EIB)<sup>7</sup>;
  - One through a civil society organisation; *and*
  - The eight others through multiple channels.

<sup>4</sup> With the exception of Kenya, for which no interventions were studied during the desk phase. This is due to the fact that, Zambia was initially chosen as a field destination during the inception phase, not Kenya. Consequently, the interventions studied during the desk phase included two interventions in Zambia, as per Table XX below. In response to a request from the respective EU Delegation, however, the field mission to Zambia was eventually replaced with a visit to Kenya. A global overview of the interventions studied in Kenya is presented in Annex 3.

<sup>5</sup> Amounts contracted under Global budget support with PSD indicators have been identified as *indirect* support to PSD by the evaluation team (see section 4 “EU support to PSD: inventory 2004-2010”).

<sup>6</sup> PROINVEST (FED/2000/015-345); Strengthening of the Caribbean Association of Investment promotion agencies (CAIPA) (contract n°239822) and Community Budget contribution to the NIF - ENPI East Region (ENPI/2007/019-549); EBRD-04 Framework for Capacity Building to support Financial Intermediaries in Azerbaijan and Georgia (contract n°211504).

<sup>7</sup> *Ibid.*

- **Instruments:** Besides the interventions under direct supervision/management of Commission staff, the selection includes five interventions funded through centralised operations (and not covered in recent thematic evaluations to our understanding), namely PROINVEST<sup>8</sup>, the Neighbourhood Investment Facility (NIF)<sup>9</sup>, the Latin America Investment Facility (LAIF)<sup>10</sup> and the FEMIP<sup>11</sup>.
- **Areas of intervention:** As shown in Table A3.2 below, the selection of interventions covers all Commission areas of PSD interventions<sup>12</sup>, taking account of their respective weight, as far as possible.

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<sup>8</sup> PROINVEST (FED/2000/015-345); Strengthening of the Caribbean Association of Investment promotion agencies (CAIPA) (contract n°239822).

<sup>9</sup> Community Budget contribution to the NIF - ENPI East Region (ENPI/2007/019-549); EBRD-04 Framework for Capacity Building to support Financial Intermediaries in Azerbaijan and Georgia (contract n°211504)

<sup>10</sup> Latin America Investment Facility 2009 - LAIF (DCI-ALA/2009/021-734); KfW-01 Energy Efficiency and Renewable Energy programme for SME in Central America (contract n°252321).

<sup>11</sup> Capmezzanine (Decision n° MED/2006/017-978, contract n°102207) and Maghreb Leasing (contract n°76303)..

<sup>12</sup> Areas of interventions by the evaluation team (based on COM(2003) 167 and the PSD Guidelines (2003)) and classified in the inventory. All interventions have been classified under those Commission “areas of intervention” except for sector and global budget support (respectively SBS and GBS) which are considered as “multi” category interventions.

Table A3.1 – Selection of 27 interventions for desk study<sup>13</sup>

Region	Country	N°	Title of Decision and/or contract and numbers as reported in CRIS	Area of intervention as defined in COM (2003) 167 and classified in the inventory	EC's financial contribution (in €m)	Budget line/financial instrument	Date of first contract signature	Channel of delivery	Supported by centralised operations?
ACP	Caribbean region	1	PROINVEST (FED/2000/015-345); Strengthening of the Caribbean Association of Investment promotion agencies (CAIPA) (contract n°239822)	Capacity building of intermediary professional organisations	1.1	EDF	02/06/2010 (ongoing)	Partner state and administrations	PROINVEST
ACP	Jamaica	2	Debt reduction and growth enhancement programme (DRGEP) (FED/2008/021-024)	Multi (GBS)	43.3	EDF	22/06/2009 (ongoing)	Partner state	No
ACP	Jamaica	3	Private sector development programme "Competitive Jamaica" (FED/2003/016-410)	Capacity building of intermediary professional organisations	14.5	EDF	08/10/2004 (ongoing)	Multiple but main is Partner state	No
ACP	Zambia	4	PRBS 3 - MDG CONTRACT 1 (FED/2008/020-949)	Multi (GBS)	125.6	EDF	05/03/2009 (ongoing)	Partner state	No
ACP	Zambia	5	Capacity Building for Private Sector Development (FED/2004/016-972)	Capacity building of intermediary professional organisations	13.8	EDF	17/05/2006 (closed)	Multiple but mainly private companies and Partner state	No
ACP (not EDF)	South Africa	6	Employment creation, Sector Policy Support to the Economic Cluster Programme of Action (DCI-AFS/2008/019-653)	Multi (SBS)	20	DCI-AFS	01/12/2008 (ongoing)	Partner state	No
ACP (not EDF)	South Africa	7	Private Sector Support Programme phase 2 -Risk Capital Facility 2 (AFS/2005/017-578)	Multi (SBS)	49.7	AFS	29/11/2006 (ongoing)	Partner state	No
ACP (not EDF)	South Africa	8	SA/1009/00 Local economic development support programme in Kwazulu Natal (AFS/2002/004-557)	Support for Small and Medium- sized Enterprises (SMEs) in the form of non-financial Services	33.8	AFS	26/02/2004 (ongoing)	Multiple	No
ASIA	Vietnam	9	Support to Vietnam's Poverty Reduction and Growth Strategy under PRSC 3, PRSC 4, PRSC 5, PRSC 6 and PRSC7-9 (ASIE/2005/017-664; ASIE/2004/016-769; ASIE/2006/018-257;DCI-ASIE/2007/018-849;DCI-ASIE/2008/019-692)	Multi (GBS)	100	ASIE	25/10/2006 (closed)	International organisations (WB) for PRSC 3, 4, 5 and 6 and Partner state for PRSC7-9	No
ASIA	Vietnam	10	VPPSP - Vietnam Private Sector Support Programme (ASIE/2003/005-885)	Support to governments to improve the necessary regulatory framework, institution building related to PSD	5.1	ASIE	23/12/2004 (closed)	Private companies	No
ASIA	Vietnam	11	European Technical Assistance Programme Vietnam (ETV2) (ASIE/2002/002-474)	Support for Small and Medium- sized Enterprises (SMEs) in the form of non-financial Services	3	ASIE	16/12/2005 (closed)	Partner state	No

<sup>13</sup> Commission's financial contribution in contracted amounts.

Region	Country	N°	Title of Decision and/or contract and numbers as reported in CRIS	Area of intervention as defined in COM (2003) 167 and classified in the inventory	EC's financial contribution (in €m)	Budget line/financial instrument	Date of first contract signature	Channel of delivery	Supported by centralised operations?
ENP/MEDA	Algeria	12	Appui au développement des PME/PMI en Algérie (MED/1998/003-367)	Support to enterprises' mgmt&org.	10.7	MED	14/01/2004 (closed)	Private companies	No
ENP/MEDA	Algeria	13	Maghreb Leasing (contract n°76303)	Facilitation of investment financing and access to financial markets, in general	10	MED	20/12/2005 (ongoing)	International organisations (EIB)	FEMIP
ENP/MEDA	Algeria	14	Programme d'appui aux PME II (ENPI/2007/019-422)	Support for Small and Medium- sized Enterprises (SMEs) in the form of non-financial Services	9.3	ENPI	14/04/2009 (ongoing)	Multiple by mainly private companies	No
ENP/MEDA	Algeria	15	Appui à la modernisation du Secteur Financier (MED/1999/003-283)	Facilitation of investment financing and access to financial markets, in general	5.5	MED	12/03/2006 (closed)	Private companies	No
ENP/MEDA	Jordan	16	Sector Reform Facility (MED/2005/017-323)	Multi (SBS)	37.7	MED	08/12/2005 (ongoing)	Partner state	No
ENP/MEDA	Jordan	17	Industrial Modernisation Programme/EJADA (MED/1999/003-308)	Investment and inter-enterprise co-operation promotion activities	22.4	MED	26/07/2004 (closed)	Multiple by mainly private companies	No
ENP/MEDA	Marocco	18	Programme d'Appui aux entreprises (MED/2002/005-691)	Investment and inter-enterprise co-operation promotion activities	30.1	MED	24/09/2004 (ongoing)	Multiple but mainly private companies	No
ENP/MEDA	Marocco	19	Capmezzanine (Decision n° MED/2006/017-978, contract n°102207)	Facilitation of investment financing and access to financial markets, in general	6	MED	25/11/2007 (ongoing)	International organisations (EIB)	FEMIP
ENP/MEDA	Marocco	20	Programme d'Appui aux Associations Professionnelles II (MED/2005/017-324)	Capacity building of intermediary professional organisations	4.8	MED	11/05/2006 (ongoing)	Multiple but mainly CSOs	No
ENP/MEDA	Marocco	21	Appui aux institutions financières de garantie aux PME (MED/1998/003-410)	Facilitation of investment financing and access to financial markets, in general	1.6	MED	09/02/2006 (ongoing)	Private companies	No
ENP/TACIS	ENPI East Region	22	Community Budget contribution to the NIF - ENPI East Region (ENPI/2007/019-549); EBRD-04 Framework for Capacity Building to support Financial Intermediaries in Azerbaijan and Georgia (contract n°211504)	Facilitation of investment financing and access to financial markets, in general	3	ENPI	19/06/2009 (ongoing)	International organisations (EBRD)	Neighbourhood Investment Facility (NIF)
ENP/TACIS	Ukraine	23	Ukraine 2003 Action Programme (TACIS/2003/005-620), SME Support in Priority Regions - Ukraine (contract n°120314)	Support for Small and Medium- sized Enterprises (SMEs) in the form of non-financial Services	2.7	TACIS	18/04/2006 (closed)	Private companies	No
ENP/TACIS	Ukraine	24	EU Contribution to EBRD Ukraine Micro Lending Programme Regional Expansion 2008-2009 (contract n° 140706)	Facilitation of investment financing and access to financial markets, in general	1.5	TACIS	31/08/2007 (Ongoing)	International organisations (EBRD)	No
Latin America	Central America	25	Latin America Investment Facility 2009 - LAIF (DCI-ALA/2009/021-734); KfW-01 Energy Efficiency and Renewable Energy programme for SME in Central America (contract n°252321)	Facilitation of investment financing and access to financial markets, in general	3	DCI-ALA	05/11/2010 (ongoing)	Private companies (German financial institution)	Latin America Investment Facility (LAIF)
Latin America	Nicaragua	26	AAP 2007 Nicaragua - Prog. Apoyo a la Mejora del Clima de Negocios e Inversiones en Nicaragua (DCI-ALA/2007/019-011)	Multi (SBS)	1.9	DCI-ALA	17/12/2008 (ongoing)	Multiple but main is Partner State	No
Latin America	Nicaragua	27	876000 - PVD (ONG-PVD/2003/004-562); Fortalecimiento productivo y organizativo de 1856 familias de pequenos productores cafetaleros y agropecuarios afiliados a la central de cooperativas de servicios multiples responsabilidad limitada (PRODECOOP), Nicaragua (contract n° 63907)	Support for micro-enterprises	2.1	ONG-PVD	28/06/2004 (closed)	CSOs	No

**Table A3.2 – Coverage of areas of interventions<sup>14</sup> by the 27 selected interventions**

Area of intervention as defined in COM (2003) 167 and classified in the inventory	Number of interventions	Total (in €m) for the selected interventions	Total (in €m) worldwide	% of the selected interventions out of total worldwide
Multi (SBS)	4	109	476	23%
Facilitation of investment financing and access to financial markets, in general	7	31	559	5%
Investment and inter-enterprise co-operation promotion activities	2	53	452	12%
Support for Small and Medium- sized Enterprises (SMEs) in the form of non-financial Services	4	49	429	11%
Capacity building of intermediary professional organisations	4	34	121	28%
Support to enterprises' mgmt&org.	1	11	159	7%
Support to governments to improve the necessary regulatory framework, institution building related to PSD	1	5	196	3%
Support for micro-enterprises	1	2	48	4%
<b>Total direct support</b>	<b>24</b>	<b>293</b>	<b>2442</b>	<b>12%</b>
<b>Multi (GBS); Commission indirect support to PSD</b>	<b>3</b>	<b>269</b>	<b>1067</b>	<b>25%</b>
<b>Total direct and indirect support</b>	<b>27</b>	<b>562</b>	<b>3509</b>	<b>16%</b>

<sup>14</sup> Areas of interventions by the evaluation team (based on COM(2003) 167 and the PSD Guidelines (2003)) and classified in the inventory. All interventions have been classified under those Commission “areas of intervention” except for sector and global budget support (respectively SBS and GBS) which are considered as “multi” category interventions. Commission's financial contribution (in €m) in contracted amounts.



## No. 12: Appui au Développement des PME - Algérie

Programme d'Appui au développement des PME en Algérie (MEDA/1998/3367)	
<b>Type d'intervention</b>	Appui budgétaire général
	Appui budgétaire sectoriel
	✓ Approche projet
	✓ Assistance Technique
<b>Date de démarrage &amp; Date de clôture</b>	<ul style="list-style-type: none"> <li>▪ <i>Date de démarrage:</i> 2000</li> <li>▪ <i>Date de clôture:</i> 2007</li> </ul> <p>Durée devait être de 5 ans à partir de la prise de fonction du directeur de l'UGP. Trois avenants au contrat ont du être signés : en 2003 pour revoir les objectifs à la baisse, en 2006 et en 2007 pour prolonger la période d'exécution.</p>
<b>Budget engagé, contracté, déboursé</b>	<ul style="list-style-type: none"> <li>▪ <i>Engagé:</i> €55m (Commission européenne); €3,4m (gouvernement algérien); €2,5m (PMEs participantes)</li> <li>▪ <i>Contracté:</i> €55m (Commission européenne);</li> <li>▪ <i>Déboursé:</i> €55m (Commission européenne);</li> </ul> <p>(Selon l'inventaire de l'évaluation).</p>
<b>Bénéficiaires</b>	<p><i>Bénéficiaires directs:</i></p> <ul style="list-style-type: none"> <li>▪ PME/PMI privées à l'exception des PME purement commerciales ;</li> <li>▪ Organismes de garantie financière existants ou à créer ;</li> <li>▪ Banques et les sociétés financières proposant des financements éligibles à des garanties financières ;</li> <li>▪ Ministère chargé des PME ;</li> <li>▪ Bourses de sous-traitance ;</li> <li>▪ Associations patronales et professionnelles ;</li> <li>▪ Chambres de commerce et d'industrie ;</li> <li>▪ Centres techniques d'appui ;</li> <li>▪ Structures de formation spécialisées dans la formation en direction des PME.</li> </ul>
<b>Pays/Région</b>	Algérie (UGP et 5 antennes régionales)
<b>Description de l'intervention</b>	Dans le contexte décrit ci-dessous, la présente intervention vise à appuyer le processus de mise à niveau de trois catégories de populations : (i) les PME/PMI, (ii) les institutions du secteur financier et (iii) les institutions de représentation du patronat et celles des organismes d'appui.
<b>Contexte et historique de l'intervention</b>	L'excessive dépendance de l'économie vis-à-vis des recettes des hydrocarbures (95% des recettes d'exportation) est un point faible de l'économie algérienne étant données les fluctuations fréquentes de ce marché. De plus, le taux de chômage et le taux de pauvreté sont encore à un niveau élevé. Avec l'entrée en vigueur de l'accord d'association avec l'Union Européenne et les négociations en cours pour l'adhésion à l'Organisation Mondiale du Commerce, les risques d'aggravation du chômage faute de compétitivité de l'industrie augmentent. Aussi, et depuis 2001, le gouvernement a-t-il accéléré la mise en route des réformes structurelles des privatisations et la mise en œuvre de programmes de dynamisation du secteur privé. Ces dans ce cadre de réforme que s'inscrit la présente intervention.
<b>Objectifs globaux</b>	L'objectif global du projet est de mettre à niveau et d'améliorer la compétitivité du secteur des PME privées pour qu'il contribue pour une part plus importante à la croissance économique et sociale de l'Algérie.
<b>Objectifs</b>	1. D'améliorer les capacités des PME privées pour leur permettre de s'adapter aux

<b>spécifiques</b>	<p>exigences de l'économie de marche ;</p> <p>2. D'améliorer l'accès a l'information professionnelle des chefs d'entreprise et des operateurs econon1iques publics et privés ;</p> <p>3. De contribuer à une meilleure satisfaction des besoins financiers des PME ;</p> <p>4. D'améliorer l'environnement entrepreneurial par un appui aux Institutions et aux organismes directement concernes par le secteur de la PME.</p>
<b>Résultats attendus</b>	<p>a) Une compétitivité améliorée pour 3000 PME à travers la mise à disposition d'une assistance technique ;</p> <p>b) Des services efficaces offerts aux PME par les organismes d'appui publics et privés ;</p> <p>c) Un meilleur accès des PME à des financements adaptés ;</p> <p>d) Disponibilité d'un réseau national d'information</p> <p>Ces résultats ont dû être révisés (plus réalistes): « 400 entreprises appuyées dans le processus de remise à niveau » et « 300 entreprises accédant facilement au financement ».</p>
<b>Principales activités</b>	<p><b>Volet I :</b> Mise à niveau des PME/PMI : ce volet doit aboutir au renforcement de la compétitivité des entreprises par des actions directes d'assistance technique et de formation destinées à formuler les stratégies, à développer les compétences managériales et techniques, et à maîtriser les techniques d'amélioration de la productivité des opérations de production et de commercialisation.</p> <p><b>Volet II:</b> Facilitation de l'accès au financement des PME/PMI : cette facilitation est obtenue par la réalisation d'études technico économiques, l'appui au recours à la couverture des crédits par les fonds de garantie. Parallèlement les institutions de garantie et les établissements financiers sont appuyés pour développer leurs services aux PME.</p> <p><b>Volet III:</b> Informations et services adaptés aux PME/PMI. Le développement du système d'information et des services d'appui aux PME se ferait par des études, l'assistance technique et la formation au Ministère de la PME/A, à des institutions publiques et privées d'appui et aux organisations patronales</p>

## No. 13: Maghreb Leasing - Algeria

<b>Maghreb Leasing Algeria (MLA) – FEMIP (MED/2004-0247)</b>	
<b>Intervention Type</b>	General Budget Support
	Sector Budget Support
	Project approach
	✓ Technical Assistance
<b>Start date &amp; End date</b>	<ul style="list-style-type: none"> <li>▪ <i>Start Date: May 2006 (FA signed in December 2005)</i></li> <li>▪ <i>End Date: 2012</i></li> </ul>
<b>Budget: committed, contracted, disbursed</b>	<ul style="list-style-type: none"> <li>▪ <i>Committed Commission: €40m; GoA: €3m; SME: €1m</i></li> <li>▪ <i>Contracted: €10m</i></li> <li>▪ <i>Disbursed: €10m</i></li> </ul>
<b>Beneficiary</b>	<i>Direct Beneficiary: SMEs which have a difficult access to finance</i>
<b>Country/Region</b>	Algeria
<b>Intervention Description</b>	MLA was created in January 2006 with a capital of approximately €10m and started activities in May 2006. The company first used its own resources and then used the EIB loan. As a risk capital operation, the ultimate exchange risk is borne by the Community budget. In parallel with the EIB, private banks (Algerian and foreign) provided credit (notably the French BNP); these private loans have been guaranteed by the IFC and by Proparco.
<b>Intervention Background &amp; History</b>	The project is fully relevant regarding the EU/EIB/country objectives and is also consistent with the objectives defined in the risk capital regulation, namely “in particular to reinforce the financial sector in the MEDA countries”. It also meets priority objectives of the “reinforced FEMIP” through the direct support to SMEs, and by specifically involving South-South cooperation (Tunisia-Algeria)
<b>Overall objectives</b>	Strengthening and expansion of this non-bank segment of the financial sector which is important for SMEs with difficult access to bank credit through lack of sufficient collateral.
<b>Specific objectives</b>	The creation of a new leasing company thereby contributing to the development of leasing in Algeria.
<b>Expected results</b>	No mention of other expected results besides the specific objectives mentioned above.
<b>Main Activities</b>	Four tranches of €2m each were disbursed in the course of 2007. The last tranche of €2m was disbursed in 2008. This is a 6-year participating loan with a 2-year grace period. The remuneration of this loan is based on the performances of the company with an annual rate between 6% and 15%. The foreign exchange risk is borne by the EIB.

## No. 14: Appui au Développement des PME II - Algérie

Programme d'Appui au développement des PME en Algérie II (ENPI/2007/019-422)	
<b>Type d'intervention</b>	Appui budgétaire général
	Appui budgétaire sectoriel
	✓ Approche projet
	✓ Assistance Technique
<b>Date de démarrage &amp; Date de clôture</b>	<ul style="list-style-type: none"> <li>▪ <i>Date de démarrage:</i> 2009 (CF signée en 2008)</li> <li>▪ <i>Date de clôture:</i> 2012 (mais probablement 2013 selon le synopsis du projet)</li> </ul> Addendum signé en 2010 pour étendre le programme de 18 mois supplémentaires.
<b>Budget engagé, contracté, déboursé</b>	<ul style="list-style-type: none"> <li>▪ <i>Engagé:</i> €40m (Commission européenne); €3m (gouvernement algérien) ; €1m (PMEs participantes).</li> <li>▪ <i>Contracté:</i> €33.5m (Commission européenne)</li> <li>▪ <i>Déboursé:</i> €10.7m (Commission européenne)</li> </ul> (Selon l'inventaire de l'évaluation).
<b>Bénéficiaires</b>	<i>Bénéficiaires directs:</i> <ul style="list-style-type: none"> <li>▪ PME/PMI privées à l'exception des PME purement commerciales ;</li> <li>▪ Organismes de représentation et de soutien des PME;</li> <li>▪ Structures en charge de la qualité ;</li> <li>▪ Ministère chargé des PME, de l'Industrie et de la Promotion des Investissement ;*</li> <li>▪ Ministère des Postes et des Technologies de l'Information et des Communications</li> <li>▪ Centres techniques d'appui.</li> </ul> * Il y avait deux ministères, mais ceux-ci ont fusionné en un seul en 2010
<b>Pays/Région</b>	Siège du programme à Alger mais couvre l'ensemble du territoire algérien
<b>Description de l'intervention</b>	Dans le contexte décrit ci-dessous, la présente intervention vise (i) à poursuivre le processus de mise à niveau des PME, (ii) à poursuivre le renforcement des Ministères chargés des PME et de leurs agences et (iii) à contribuer à la mise en place d'un système qualité dans certaine filières (volet nouveau par rapport au programme PME/PMI I)
<b>Contexte et historique de l'intervention</b>	<p>L'Algérie s'est ouverte officiellement au marché avec la signature de l'Accord d'Association avec l'Union Européenne (effectif à partir de septembre 2005), et la négociation de son adhésion à l'OMC. Afin de permettre aux entreprises industrielles algériennes de profiter davantage de ces accords, des efforts importants de mise à niveau doivent être fournis. Les entreprises industrielles restent quasi marginales dans l'économie algérienne; en effet les hydrocarbures représentent environ 97% des exportations. Plus généralement, l'écrasante majorité des PME algériennes est de petite taille: sur quelque 150 000 à 200 000 PME privées algériennes, 97% ont moins de 20 employés.</p> <p>De plus, les quelques entreprises algériennes qui pourraient exporter ne peuvent profiter pleinement de l'Accord d'Association avec l'UE en raison notamment de la place encore faible des organismes de contrôle, d'accréditation, de normalisation, indispensables pour que les produits algériens répondent aux exigences des marchés européens.</p> <p>C'est dans ce contexte que la présente intervention a été élaborée, elle s'inscrit dans le cadre du PIN 2007-2013, et en continuité avec le premier programme d'appui aux PME/PMI (PME1), clos en 2007.</p>
<b>Objectifs globaux</b>	Améliorer la compétitivité des PME algériennes en vue de profiter des possibilités offertes par les accords internationaux
<b>Objectifs spécifiques</b>	1. Consolider les acquis des programmes précédents pour les entreprises déjà engagées dans le processus de mise à niveau dans un but de dissémination des bonnes pratiques au

	<p>reste du secteur.</p> <p>2. Mettre en place une démarche "qualité-normalisation" dans les PME dans certaines filières pilotes en appuyant les institutions concernées.</p> <p>3. Appuyer le développement des services d'appui aux PME par l'aide à la création ou le renforcement de centres techniques et les associations professionnelles de branche.</p> <p>4. Assister les institutions et programmes impliqués dans la mise à niveau des PME.</p>
<b>Résultats attendus</b>	<p>1. L'amélioration de la compétitivité d'un certain nombre de PME algériennes –pilotes</p> <p>2. La mise en place d'une démarche qualité dans certaines filières et le renforcement des institutions en charge de la qualité</p> <p>3. Le renforcement des organismes d'appui et de services aux PME</p> <p>4. Le renforcement des capacités des institutions bénéficiaires.</p>
<b>Principales activités</b>	<p>Les activités soutenues par le programme sont regroupées en trois composantes :</p> <p>1. <u>Appui direct aux PME</u></p> <ul style="list-style-type: none"> <li>- Appui direct aux PME sous forme d'actions pilotes</li> <li>- Appui à la qualité dans les PME</li> <li>- Appui à la maîtrise des Nouvelles Technologies d'Information et de Communication (NTIC) dans les PME</li> </ul> <p>2. <u>Appui aux Institutions et aux services d'appui</u></p> <ul style="list-style-type: none"> <li>- Appui au Ministère de la PME et de l'Artisanat et à ses agences</li> <li>- Appui direct au Ministère de l'Industrie et de la Promotion des Investissements</li> <li>- Appui aux organismes de représentation et de soutien des PME</li> </ul> <p>3. <u>Appui à la mise en place d'un système qualité dans certaines filières</u></p> <ul style="list-style-type: none"> <li>- Appui aux structures en charge de la qualité, de la normalisation, de l'accréditation et de la certification dans certaines filières</li> <li>- Appui au renforcement ou à la création de centres techniques</li> </ul>

## No. 15: Modernisation du Secteur Financier - Algérie

Appui à la modernisation du secteur financier (MEDA/1999/003-283)	
<b>Type d' intervention</b>	Appui budgétaire général
	Appui budgétaire sectoriel
	✓ Approche projet
	✓ Assistance Technique (95% de la contribution européenne)
<b>Date de démarrage &amp; Date de clôture</b>	<ul style="list-style-type: none"> <li>▪ <i>Date de démarrage:</i> 2001 (CF signée en 2000)</li> <li>▪ <i>Date de clôture:</i> 2007</li> </ul>
<b>Budget: engagé, contracté, déboursé</b>	<ul style="list-style-type: none"> <li>▪ <i>Budget total:</i> €25.500.000</li> <li>▪ <i>Commission engagé:</i> €23.250.000</li> <li>▪ <i>Déboursé:</i> €21.795.428</li> </ul>
<b>Bénéficiaires</b>	<p><i>Bénéficiaires directs:</i></p> <ul style="list-style-type: none"> <li>▪ Ministère des Finances,</li> <li>▪ Banque d'Algérie,</li> <li>▪ Banques publiques et privées,</li> <li>▪ Compagnies d'assurance,</li> <li>▪ Organismes des marchés financiers,</li> <li>▪ Organisations interbancaires,</li> <li>▪ Organismes de formation</li> </ul> <p>(Finalement seulement les banques et assurances publiques ont été directement concernées par le programme, le Trésor et la Banque Centrale ont été indirectement bénéficiaires par l'intermédiaire d'une meilleure application de la réglementation. Selon rapport ROM, cette réduction des bénéficiaires a été préférable, limitant la dispersion du projet.)</p>
<b>Pays/Région</b>	Algérie
<b>Description de l'intervention</b>	<p>Dans le contexte décrit ci-dessous, l'intervention visait en particulier le l'appui du secteur financier en Algérie. Le programme se développait sur trois volets :</p> <ul style="list-style-type: none"> <li>- Banques, assurances</li> <li>- Marchés financiers</li> <li>- Formation (commun aux banques et assurances)</li> </ul>
<b>Contexte et historique de l'intervention</b>	<p>Le système financier algérien est longtemps resté dans une logique d'économie planifiée, de méthodes administratives plutôt que commerciales. L'ouverture de l'Algérie à l'économie de marché, la concurrence de banques étrangères qui s'implantent et, par la suite, de banques privatisées, oblige les institutions financières algériennes à se moderniser, à adopter une approche plus proche de leur clientèle. Elles doivent également s'adapter à une nouvelle réglementation bancaire. C'est dans ce contexte que la présente intervention a été élaborée</p>
<b>Objectifs globaux</b>	<p>Promouvoir la compétitivité du secteur financier algérien et sa capacité à soutenir le développement des entreprises privées, au moyen d'actions favorisant la concurrence et l'adaptation du secteur à l'économie de marché et à la future zone de libre échange euro-méditerranéenne.</p>
<b>Objectifs spécifiques</b>	<p>Appuyer le secteur financier algérien ainsi que son cadre institutionnel afin de renforcer durablement la capacité des différents acteurs de mobiliser des ressources, commercialiser des services financiers modernes et investir dans des entreprises performantes dans un contexte de concurrence accrue.</p>
<b>Résultats attendus</b>	<ul style="list-style-type: none"> <li>▪ La Banque centrale, Ministère des finances, Trésor public et les organismes nationaux des marchés financiers assumeront plus efficacement leur fonction de gouvernance,</li> </ul>

	<p>d'appui et de surveillance, et disposeront d'une réglementation mieux adaptée. Leurs organisations et procédures auront été renouvelées:</p> <ul style="list-style-type: none"> <li>- au Trésor public la gestion de la dette, le suivi des participations et des flux financiers auront été améliorés;</li> <li>- un système de gestion centralisée des risques bancaires sera instauré. Les autorités de tutelle disposeront d'informations financières fiables concernant les engagements et la solvabilité des opérateurs du secteur financier ;</li> <li>- les opérations sur le marché financier (Bourse en particulier) auront sensiblement augmenté et seront exécutées de façon fiable et automatisée;</li> </ul> <ul style="list-style-type: none"> <li>▪ Les banques et compagnies d'assurance auront connu de réelles améliorations dans leur fonctionnement: <ul style="list-style-type: none"> <li>- des stratégies et politiques nouvelles auront été développées ;</li> <li>- de nouveaux produits seront disponibles ;</li> <li>- les risques seront mieux maîtrisés ;</li> <li>- une démarche commerciale aura été adoptée et s'avèrera efficace ;</li> <li>- la collecte de ressources nouvelles aura été lancée ;</li> <li>- les capacités de traitement des moyens de paiements et autres services bancaires seront améliorés;</li> </ul> </li> <li>▪ Les organismes et services de formation auront été renforcés et leurs programmes adaptés aux besoins. Au total, jusqu'à 2000 cadres supérieurs et moyens pourraient participer à une action de formation. A moyen terme, un nombre important de cadres et employés pourraient recevoir une formation par l'intermédiaire de formateurs formés dans le cadre du projet.</li> </ul>
<p><b>Principales activités</b></p>	<ul style="list-style-type: none"> <li>- Assistance technique directe (Soutien tant technique que stratégique aux organismes de tutelle, aux institutions nationales, aux banques et compagnies d'assurance);</li> <li>- Actions de formation (Renforcer les divers organismes de formation et réaliser des séminaires, stages et voyages d'études ciblés. Les formations de formateurs ont été privilégiées) ;</li> <li>- Jumelage (cette composante a été abandonnée et remplacée par une extension du programme)</li> </ul>

## Data Collection Grid – Algeria

<b>EQ 1</b>	<b>To what extent did the Commission's PSD strategy and programming take into account the recommendations of the 2005 evaluation and the evolution of the overall private sector environment?</b>
<b>Other relevant information (not captured elsewhere)</b>	<p>Whereas the first programme PME/PMI targeted also industrial enterprises this is no longer the case under PME II. An <b>assessment</b> provided in the programming documents of PME II <b>explain why</b> (but no information on how this assessment was conducted, no sources) (<i>FA, p.17</i>):</p> <p>Les entreprises industrielles restent quasi marginales dans l'économie algérienne, en effet les hydrocarbures représentent environ 98% des exportations. Le potentiel des PME, en Algérie, en 2006 s'élève à peu près à 376.000 entreprises dont 270.000 PME privées, 700 PME publiques et 100.000 activités artisanales. Plus généralement, l'écrasante majorité des PME algériennes est de petite taille, 97% d'entre elles ont moins de 20 employés.</p>
<b>JC 1.1</b>	<b><i>The Commission undertook efforts to make sure that the recommendations of the 2005 Evaluation were taken into account</i></b>
<b>Findings at JC level</b>	
<b>I-1.1.1</b>	Existence of a plan or specific approach for the dissemination of the Recommendations to those responsible for programming and design of interventions
<b>I-1.1.2</b>	Evidence of dissemination of the recommendations to those responsible for programming and design of interventions
<b>I-1.1.3</b>	Commission staff were conversant with the 2005 Evaluation or with the recommendations made in this evaluation
<b>I-1.1.1</b>	<p><b>ALGERIA:</b> No reference to 2005 Evaluation in the strategy documents of the Commission</p> <p><b>Appui PME/PMI – Algeria:</b> No reference to 2005 Evaluation in the programming documents <b>because programme launched in 2000.</b></p> <p><b>Maghreb Leasing – Algeria:</b> No reference to 2005 Evaluation in the programming documents even though the contract was signed in December 2005 and activities started in May 2006.</p> <p><b>Appui aux PME II – Algeria :</b> No reference to 2005 Evaluation in the programming documents</p> <p><b>Modernisation Secteur Financier – Algeria:</b> No reference to 2005 Evaluation in the programming documents <b>because programme launched in 2000.</b></p>
<b>I-1.1.2</b>	<p><b>ALGERIA</b></p> <p><b>Appui PME/PMI - Algeria</b></p>



	<b>Maghreb Leasing - Algeria</b>
	<b>Appui aux PME II – Algeria</b>
	<b>Modernisation Secteur Financier - Algeria</b>
<b>I-1.1.3</b>	<p><b>ALGERIA</b></p> <p>Selon le personnel de la Del de l'UE, l'évaluation du soutien au secteur privé 2005 est connue au niveau de la Del « <i>mais difficile de dire jusqu'à quel point elle a été prise en considération</i> ». Elle n'est toutefois pas mentionnée dans les documents stratégiques et projets.</p> <p>(MN 753)</p>
	<b>Appui PME/PMI - Algeria</b>
	<b>Maghreb Leasing - Algeria</b>
	<b>Appui aux PME II – Algeria</b>
	<b>Modernisation Secteur Financier - Algeria</b>
<b>JC 1.2</b>	<b><i>Specific recommendations of the 2005 evaluation relating to the Commission's overall PSD Strategy have been taken into account</i></b>
<b>Findings at JC level</b>	
<b>I-1.2.1</b>	Evidence of greater clarity at programming level regarding the role of the Commission in PSD (particularly including the link between PSD, economic growth, the development objectives and poverty reduction)
<b>I-1.2.2</b>	Evidence of a process taking place to create a common vision of the Commission's PSD between HQ and EUD levels
<b>I-1.2.3</b>	Commission programming has prioritised the areas of highest Commission comparative advantage as described by the 2005 evaluation recommendation RS-2
<b>I-1.2.1</b>	<p><b>ALGERIA:</b></p> <p>No reference to 2005 Evaluation in the strategy documents of the Commission</p> <p><b>Appui PME/PMI – Algeria:</b></p> <p>No reference to 2005 Evaluation in the programming documents <b>because programme launched in 2000.</b></p> <p><b>Maghreb Leasing – Algeria:</b></p> <p>No reference to 2005 Evaluation in the programming documents</p> <p><b>Appui aux PME II – Algeria:</b></p> <p>No reference to 2005 Evaluation in the programming documents</p> <p><b>Modernisation Secteur Financier – Algeria:</b></p> <p>No reference to 2005 Evaluation in the programming documents <b>because programme launched in 2000.</b></p>
<b>I-1.2.2</b>	<p><b>ALGERIA</b></p> <p><b>Appui PME/PMI - Algeria</b></p> <p><b>Maghreb Leasing - Algeria</b></p>

	<b>Appui aux PME II – Algeria</b>
	<b>Modernisation Secteur Financier - Algeria</b>
<b>I-1.2.3</b>	<b>ALGERIA</b>
	<b>Appui PME/PMI - Algeria</b>
	<b>Maghreb Leasing - Algeria</b>
	<b>Appui aux PME II – Algeria</b>
	<b>Modernisation Secteur Financier - Algeria</b>
<b>JC 1.3</b>	<i>The Commission is aware, through studies and exchanges with other sources of aid for PSD, of the evolution of the private sector environment</i>
<b>Findings at JC level</b>	
<b>I-1.3.1</b>	Existence of Commission documents evidencing awareness of the evolution of the private sector environment
<b>I-1.3.2</b>	Stakeholders report existence of dialogue with other sources of aid for PSD concerning the evolution of the private sector environment
<b>I-1.3.3</b>	Evidence exists that the private sector environment has been taken into account in the Commission's PSD strategies and programming at country/regional level
<b>I-1.3.1</b>	<p><b>ALGERIA:</b> CSP 2007-2013 emphasises the positive impact of the <b>oil boom</b> on the Algerian <b>economy in general</b> and in some measure on its <b>private sector</b>. (p.9)</p> <p><b>Appui PME/PMI – Algeria:</b> Not so much the private sector environment but rather the necessity to improve competitiveness considering the future signing of the AA. An evaluation report notes in this respect: <i>« En ce qui concerne la pertinence, le Programme a bien été un dispositif d'appui à la compétitivité du secteur industriel privé, appui nécessité par les défis attendus du fait de la signature de l'Accord de Libre Echange avec l'UE et de la perspective de signature des accords de l'OMC. »</i> (IBM, <i>Evaluation finale du programme d'appui aux PME</i>, p.71)</p> <p><b>Maghreb Leasing – Algeria:</b> No reference is made to the wider private sector environment</p> <p><b>Appui aux PME II – Algeria :</b> The Commission must have some awareness on the evolution of the private sector environment as <b>it has been active in this sector for a decade</b>. A ROM informs in this respect:  <i>« Dans une large mesure, la conception du programme s'est appuyée sur l'expérience acquise dans le cadre du Programme d'Appui au Développement des PME/PMI (dit PME 1) qui s'est déroulé de 2001 à fin 2007 et a permis de fournir de l'assistance technique directe à environ 400 entreprises algériennes. Diverses personnes ayant participé à la mise en œuvre de ce programme ont eu un rôle important dans la définition du programme actuel, dit PME2. C'est notamment le cas du président du Comité de Pilotage. Il a donc été largement fait usage de l'expérience acquise. »</i></p>

	<p>(MR-115222.02)</p> <p>Furthermore the FA makes reference to the evolution of the environment in the sector (p.17):  <i>manque de main d'œuvre qualifiée, un environnement qui évolue, mais est encore insuffisamment favorable à l'entreprise, une faiblesse des institutions associatives</i></p> <p><b>Modernisation Secteur Financier – Algeria:</b>  No reference to/description of the evolution of the private sector environment only emphasis in the programming documents (FA, Project Synopsis) on the need to promote the competitiveness of the financial sector in order to adapt to a market economy and to the future Euro-Mediterranean free trade zone. (FA, p.16)</p>
I-1.3.2	<p><b>ALGERIA:</b>  Exchange with other sources of aid for PSD no evidence whether on evolution of PS environment:  <i>«L'appui aux réformes clés de la transition économique et de la mise à niveau des entreprises recevra une attention particulière dans la coordination et complémentarité avec les Etats membres intervenant dans ce domaine (France, Allemagne, Italie). » (CSP 2002-2006, p.27)</i>  Under the following 2007-2013 period, Spain also became active in PSD.    <i>« En 2008, il y a eu un repli complet de la politique du pays qui a eu un effet contraire de fermeture notamment parce que l'Algérie n'était pas suffisamment développée pour contrer les effets négatifs de l'ouverture. De plus la crise économique tout ceci a eu pour effet une fermeture de la part de l'Algérie »</i> Commission staff also refers in this respect to DG Trade report from June 2012 (<i>« EU sounds alarm over sharp rise in protectionism across G20 »</i>)  (MN 753)</p> <p><b>Appui PME/PMI – Algeria:</b>  The final programme evaluation notes in this respect:  <i>« [L]e design du programme a posé des problèmes au début, par la suite, grâce à l'avenant 1, des objectifs plus réalistes et abordables ont été fixés. De même, l'adaptation progressive aux réalités et évolutions du contexte du pays et l'intégration des données relatives aux nouveaux programmes du gouvernement algérien [notamment le Programme National de Mise à Niveau de la PME] ont été très pertinentes. » (p.7)</i></p> <p><b>Maghreb Leasing - Algeria</b></p> <p><b>Appui aux PME II – Algeria</b></p> <p><b>Modernisation Secteur Financier - Algeria</b></p>
I-1.3.3	<p><b>ALGERIA:</b></p> <p><b>Appui PME/PMI - Algeria</b></p> <p><b>Maghreb Leasing - Algeria</b></p> <p><b>Appui aux PME II – Algeria :</b>  See I-1.3.1</p>

	<p>« AA nécessite que les entreprises algériennes se mettent à niveau d'où le volet qualité dans PMEII. » (MN753)</p> <p><b>Modernisation Secteur Financier – Algeria:</b> <b>No evidence</b>, moreover even though this programme targeting the financial sector had an important PSD component as emphasized in its overall objective this <b>PSD aspect was in the implementation totally neglected according to last <i>ex-post</i> ROM report:</b></p> <p>Overall objective: “Promouvoir la compétitivité du secteur financier algérien et sa capacité à soutenir le développement des entreprises privées [...] »</p> <p>« Par conséquent, le secteur privé se trouve évincé puis que l'essentiel des fonds [crédits bancaires] est alloué au secteur public. En témoigne le rapport des crédits bancaires domestiques (ceux alloués au privé) au PIB qui est seulement de 26%, alors que ce même rapport atteint 76% pour le Maroc et 78% pour la Tunisie. Le projet n'a pas modifié la culture crédit du secteur bancaire. » (MR-010166.04)</p>
<b>JC 1.4</b>	<b>Policy documents and surveys relating to PSD and the quality of aid have been taken into account by the Commission</b>
<b>Findings at JC level</b>	
<b>I-1.4.1</b>	Documents show that new policy recommendations have been taken into account
<b>I-1.4.2</b>	Stakeholders report existence of internal dialogue or other process(es) that take into account new policy recommendations regarding quality of PSD aid
<b>I-1.4.1</b>	<p><b>ALGERIA:</b> No evidence</p> <p><b>Appui PME/PMI – Algeria:</b> No evidence</p> <p><b>Maghreb Leasing – Algeria:</b> No evidence</p> <p><b>Appui aux PME II – Algeria :</b> No evidence</p> <p><b>Modernisation Secteur Financier – Algeria:</b> No evidence</p>
<b>I-1.4.2</b>	<p><b>ALGERIA</b></p> <p><b>Appui PME/PMI - Algeria</b></p> <p><b>Maghreb Leasing - Algeria</b></p> <p><b>Appui aux PME II – Algeria</b></p> <p><b>Modernisation Secteur Financier - Algeria</b></p>

<b>EQ 2</b>	<b>To what extent was Commission support to PSD in partner countries part of a strategic approach geared to the overall objectives of EU External Policy, while aligning with the priorities of the country/region and maximizing its VA, including in terms of synergies with other actors and other types of Commission support?</b>
<b>Other relevant information (not captured elsewhere)</b>	<p>The Commission has analysed the main constraints to PSD and list these in its CSP 2007-2013 (some of these constraints are also targeted by the GoA):</p> <p><i>“The main constraints on private sector development are</i></p> <ul style="list-style-type: none"> <li><i>(i) a public sector which still controls much of the economic activity;</i></li> <li><i>(ii) difficult access to industrial land;</i></li> <li><i>(iii) financing difficulties;</i></li> <li><i>(iv) high administrative barriers;</i></li> <li><i>(v) limited access to information;</i></li> <li><i>(vi) inadequate labour regulation and the lack of a qualified workforce;</i></li> <li><i>(vii) inadequate infrastructure;</i></li> <li><i>(viii) inefficient legal and justice systems; and</i></li> <li><i>(ix) weak professional associations which are not always representative.” p.20.</i></li> </ul> <p><b>No reference to specific study or any other source.</b></p>
<b>JC 2.1</b>	<b>Commission geared PSD support towards overall EU external policy objectives</b>
<b>Findings at JC level</b>	
<b>I-2.1.1</b>	Relation between overall EU external policy objectives and Commission PSD support is explicitly identified in Commission policy documentation
<b>I-2.1.2</b>	Programming documentation explicitly relates PSD interventions to overall EU external policy objectives
<b>I-2.1.3</b>	Stakeholders consider that Commission PSD support has contributed to the achievement of overall EU external policy objectives
<b>I-2.1.1</b>	<p><b>ALGERIA:</b></p> <p><u>For the period 2002-2006:</u> the CSP emphasises the coherence between the specific priorities of cooperation with Algeria and the Joint Council and Commission Declaration on Development Cooperation (November 2000). (p.27) Three (out of four) of these specific priorities are related to PSD:</p> <p>« 1. <i>Appui aux réformes économiques et au renforcement des institutions de l'économie de marché dans la perspective d'un développement durable</i>, en vue d'intégrer l'Algérie dans l'économie mondiale et de faciliter l'adaptation des entreprises algériennes à la future zone de libre échange euro-méditerranéenne;</p> <p>2. <i>Développement des infrastructures économiques</i>, afin d'accroître la participation privée, d'améliorer l'environnement des entreprises productives et de renforcer l'intégration économique avec d'autres pays méditerranéens ainsi qu'avec l'Europe;</p> <p>3. <i>Développement des ressources humaines</i>, en vue de créer les conditions pour une</p>

	<p>meilleure valorisation des capacités humaines dans la vie productive ainsi que l'amélioration durable des conditions de vie des populations vulnérables. » (p.22)</p> <p>For the period 2007-2013: Relation between PSD support and the challenges of regional and international integrations. For example objective of intervention in support of SMEs in NIP:  <i>“The aim is to sustainably improve the competitiveness of Algerian enterprises both on their domestic market and on regional and/ or international markets.” (p.29)</i></p> <p><b>Appui PME/PMI - Algeria</b></p> <p><b>Maghreb Leasing - Algeria</b></p> <p><b>Appui aux PME II – Algeria</b></p> <p><b>Modernisation Secteur Financier - Algeria</b></p>
I-2.1.2	<p><b>ALGERIA:</b></p> <p>Only few references in the NIPs of relation between PSD support and the objective of integration into the world economy but no reference to specific EU policy documents (such as the EU strategy for Africa or the EU Consensus on Development...).</p> <p><b>Appui PME/PMI – Algeria:</b></p> <p>The overall objective of the programme as mentioned in the FA <b>is linked to the overall EU objective of contributing to sustainable economic and social development</b> in partner countries:</p> <p><i>« L' objectif global est de mettre a niveau et d' ameliorer la competitivite du secteur des petites et moyennes entreprises (PME) privées pour qu'il contribue pour une part plus importante it la croissance économique et sociale de l' Algerie. » (p.19)</i></p> <p><b>Maghreb Leasing – Algeria:</b></p> <p>The relevance of this programme is not highlighted by reference to overall EU objectives such as sustainable economic development or poverty reduction but by reference to:</p> <ul style="list-style-type: none"> <li>• <i>“EU/EIB/ country objectives”</i></li> <li>• <i>Consistency with the objectives defined in the risk capital regulation, namely “in particular to reinforce the financial sector in MEDA countries”</i></li> <li>• <i>Consistency with the priority objectives of the “reinforced FEMIP” through the direct support to SMEs, and by specifically involving South-South Cooperation (Tunisia-Algeria) (Operations Evaluation: Evaluation of operations financed by the EIB in Neighbourhood and Partnership Countries between 2000 and 2008 – Maghreb Leasing Algeria, p.2)</i></li> </ul> <p><b>Appui aux PME II – Algeria :</b></p> <p>The overall objective of the programme as mentioned in the FA <b>is linked to the overall EU objective of contributing to the gradual integration into the world economy</b> of partner countries (p.19):</p>

	<p><u>L'objectif global</u> est d'améliorer la compétitivité des PME algériennes, pour leur permettre de reconquérir le marché intérieur et de se développer à l'international en vue de profiter des possibilités offertes par les accords internationaux signés ou en cours de signature et par l'ouverture du marché.</p>
	<p><b>Modernisation Secteur Financier - Algeria:</b> The overall objective of the programme as mentioned in the FA is linked to the overall EU objective of contributing to the gradual integration into the world economy of partner countries (p.16):</p> <p><u>L'objectif global</u> est de promouvoir la compétitivité du secteur financier algérien et sa capacité à soutenir le développement des entreprises privées, au moyen d'actions favorisant la concurrence et l'adaptation du secteur à l'économie de marché et à la future zone de libre-échange euro- méditerranéenne.</p>
I-2.1.3	<p><b>ALGERIA</b></p> <p>Appui PME/PMI - Algeria</p> <p>Maghreb Leasing - Algeria</p> <p>Appui aux PME II – Algeria</p> <p>Modernisation Secteur Financier - Algeria</p>
JC 2.2	<i>The Commission applied explicit policies and guidelines to make sure that its support to PSD was part of a strategic approach</i>
Findings at JC level	
I-2.2.1	Existence of policy documents and guidelines that explicitly tackle the importance of a strategic (prioritised) approach towards PSD alongside the different dimensions mentioned
I-2.2.2	These policies and guidelines were utilised for the design of PSD strategies at country/ regional level and for the programming
I-2.2.3	Commission staff expressed the view that the guidance provided was appropriate
I-2.2.1	<p><b>ALGERIA:</b> No evidence of such guidelines</p> <p><b>Appui PME/PMI – Algeria:</b> No evidence of such guidelines</p> <p><b>Maghreb Leasing – Algeria:</b> No evidence of such guidelines</p> <p><b>Appui aux PME II – Algeria :</b> No evidence of such guidelines</p> <p><b>Modernisation Secteur Financier – Algeria:</b> No evidence of such guidelines</p>
I-2.2.2	<p><b>ALGERIA</b></p> <p>Appui PME/PMI - Algeria</p> <p>Maghreb Leasing - Algeria</p>

	Appui aux PME II – Algeria
	Modernisation Secteur Financier - Algeria
I-2.2.3	ALGERIA
	Appui PME/PMI - Algeria
	Maghreb Leasing - Algeria
	Appui aux PME II – Algeria
	Modernisation Secteur Financier - Algeria
JC 2.3	<i>The PSD strategies and programming of the Commission took into account the national/regional priorities</i>
Findings at JC level	
I-2.3.1	The Commission conducted a policy dialogue with national authorities on PSD strategies
I-2.3.2	CSPs/RSPs clearly link the Commission PSD support to national/regional overall and PSD specific strategies and programming
I-2.3.3	Stakeholders consider that Commission support to PSD is aligned to the overall and sector specific national priorities
I-2.3.1	<p><b>ALGERIA:</b>  <u>For the period 2002-2006:</u> The CSP was drafted following two Commission missions to Algeria and discussion on government strategies. With respect to PSD; Commission's objectives in the sector (see I-2.1.1) are aligned with the GoA's objective to strengthen economic development and more specifically its will to promote investment and the business environment:</p> <p><i>« La promotion de l'investissement et de l'environnement des entreprises est centrée autour des PME considérées comme pourvoyeurs de croissance et d'emploi. Le cadre réglementaire et institutionnel (code des investissements, politique de la concurrence, normalisation, métrologie, propriété industrielle; révision du cadre juridique) et le financement des PME sont particulièrement visés. Un programme de mise à niveau des entreprises est prévu dans le programme de relance, doté d'une allocation budgétaire initiale d'environ 30 millions €. » (p.3)</i></p> <p><u>For the period 2007-2013:</u> The CSP and the programming exercise (NIP part) were drafted “in in close cooperation with the Algerian authorities and in coherence with the national priorities. The whole of the CSP was sent to the Algerian authorities before the management committee meeting.” (Summary) With respect to PSD, Commission's objectives in the sector (see I-2.6.1) are aligned with the policy of the GoA notably:</p> <ul style="list-style-type: none"> <li>• “Improving the investment framework and climate”</li> <li>• “The priority issues for modernisation of the financial system”</li> <li>• “Enhancing and developing national economic potential: to stimulate and develop the business fabric”</li> </ul> <p><i>“Supporting the reduction of unemployment.” (p.3)</i></p>
	<p><b>Appui PME/PMI – Algeria:</b>  No evidence of a policy dialogue but the target of the programme <b>took into account national priorities</b> in the sector and the institutional context according</p>



	<p>to final evaluation report:</p> <p>« <i>Bien opportunément le Programme a ciblé les acteurs à niveau méso et au niveau macro, de manière que l'ensemble de l'intervention puisse être cohérente avec les orientations des programmes nationaux et avec le niveau de développement des institutions d'appui publiques et privées</i> » (p.9)</p> <p><b>Maghreb Leasing – Algeria:</b> No evidence of a policy dialogue <b>but evidence that the importance of leasing is recognised by the Algerian authorities:</b> “<i>The mounting importance of leasing led the Algerian authorities to improve the regulatory framework in this sector.</i>” (<i>Operations Evaluation, p. 3</i>)</p> <p><b>Appui aux PME II – Algeria :</b> No evidence of a policy dialogue but the target of the programme <b>took into account national priorities.</b> These are described in the FA (p.17): L’Algérie met actuellement en place une série de programmes ambitieux pour réduire sa dépendance vis-à-vis des hydrocarbures et rattraper son retard en infrastructures et gestion : programme de grands travaux, programmes de mise à niveau des entreprises.</p> <p>A <b>ROM confirms</b> in this respect: “<i>Le programme s'inscrit clairement dans la politique officielle du gouvernement algérien qui vise à moderniser ses entreprises et mettre à niveau son infrastructure.</i> » (MR-115222.02)</p> <p><b>Modernisation Secteur Financier – Algeria:</b> No evidence of a policy dialogue but the target of the programme <b>took into account national priorities.</b> A <b>ROM confirms</b> in this respect: « <i>Le secteur financier, longtemps isolé de l'économie de marché et de la concurrence étrangère, avait grand besoin d'une modernisation, mais n'était pas toujours convaincu ni conscient de cette nécessité d'évoluer. Le projet était donc parfaitement pertinent à la fois dans la politique du Gouvernement Algérien et dans la politique de coopération.</i> » (MR-10166.03)</p>
I-2.3.2	<p><b>ALGERIA:</b> <u>For the period 2002-2006:</u> One of the cooperation objectives related to PSD (see I-2.1.1 for other PSD objectives) namely: “<i>2. Développement des infrastructures économiques, afin d'accroître la participation privée, d'améliorer l'environnement des entreprises productives et de renforcer l'intégration économique avec d'autres pays méditerranéens ainsi qu'avec l'Europe;</i> » (p.22) is clearly linked to the Commission's PSD support at the regional level:</p> <p>« <i>Les services d'infrastructures économiques sont un complément essentiel pour l'amélioration de l'environnement des entreprises. Leur importance dans le cadre du partenariat euro méditerranéen a été soulignée dans la stratégie de relance du processus de Barcelone*. L'appui communautaire visera à avoir des effets catalytiseurs sur la libéralisation des infrastructures et leur ouverture aux investissements privés. La stratégie prend en compte les expériences du programme régional « Participation Privée dans les infrastructures méditerranéennes », mis en oeuvre conjointement par la Commission et la Banque mondiale.</i> » (pp. 23-24)</p> <p>* Communication de la Commission au Conseil et au Parlement européen: Un nouvel élan pour le processus de Barcelone, COM(2000)497 final du 6/9/00, p. 12f.</p> <p><u>For the period 2007-2013:</u> The CSP emphasises “<i>Complementarity and consistency with the regional strategy paper and other ENP instruments</i>” (p.23)”. With respect to PSD, mention is made of a regional programme that will support investment promotion</p>

	<b>Appui PME/PMI – Algeria</b>
	<b>Maghreb Leasing - Algeria</b>
	<b>Appui aux PME II – Algeria</b>
	<b>Modernisation Secteur Financier - Algeria</b>
<b>I-2.3.3</b>	<p><b>ALGERIA</b></p> <p>Identification des besoins se fait en étroite concertation avec les autorités algériennes :</p> <p><i>« Nous essayons de pousser des 2 côtés : avec la mise à niveau des PME et du côté institutionnel. Nous voulons parler avec l'Etat Algérien de ce que nous pouvons faire pour la stratégie 2014-2017 mais il faut qu'il y ait une structure claire de gouvernance. PME II a beaucoup de bonne volonté mais il est essentiellement pensé pour avoir un effet de levier sur le Programme National de mise à niveau de 3 milliards. »</i></p> <p><i>(MN753)</i></p> <p>Mais depuis 2008 le soutien au développement du secteur privé s'opère dans un contexte difficile de repli du GdA :</p> <p><i>« En 2008, il y a eu un repli complet de la politique du pays qui a eu un effet contraire de fermeture notamment parce que l'Algérie n'était pas suffisamment développée pour contrer les effets négatifs de l'ouverture. »</i> Commission staff also refers in this respect to DG Trade report from June 2012 (<i>« EU sounds alarm over sharp rise in protectionism across G20 »</i>)</p> <p><i>(MN753)</i></p>
	<b>Appui PME/PMI - Algeria</b>
	<b>Maghreb Leasing - Algeria</b>
	<b>Appui aux PME II – Algeria</b>
	<b>Modernisation Secteur Financier - Algeria</b>
<b>JC 2.4</b>	<b><i>The potential VA of the Commission geared its decisions on the nature of the support it would provide</i></b>
<b>Findings at JC level</b>	La VA de la Commission n'a pas été une donnée déterminante (seulement référence à de l'expérience acquise dans le domaine) dans l'élaboration des programmes mais des VA ont été notées
<b>I-2.4.1</b>	Types of potential VA the Commission considered it could offer when providing support to PSD (as attested for instance by overall documents on the Commission's PSD strategy)
<b>I-2.4.2</b>	Overall approach of the Commission to ensure that its PSD support would be geared, among other things, by its potential VA
<b>I-2.4.3</b>	References in strategy documents at country/ regional level to the potential VA of the Commission when providing support to PSD
<b>I-2.4.4</b>	Stakeholders consider that the Commission's country and regional strategies took into account the Commission's potential VA and are able to identify such VA

I-2.4.1	<b>ALGERIA:</b> No reference in strategy and programming documents of Commission's potential VA when providing support to PSD.
	<b>Appui PME/PMI – Algeria:</b> No reference in programming documents of Commission's potential VA when providing support to PSD.
	<b>Maghreb Leasing – Algeria:</b> No reference in programming documents of Commission's potential VA when providing support to PSD.
	<b>Appui aux PME II – Algeria :</b> Even though not phrased as VA, the Commission puts forward in the FA <b>its previous experience in supporting SMEs and its intervention in the related trade sector and in the domain of privatisation:</b>  L'Union Européenne a financé de 2001 à 2007 un <b>programme de mise à niveau des PME (EDPME)</b> , doté d'un budget de 57m€. Ce programme fut mis en œuvre par le Ministère de la [...]  Par ailleurs, une convention de financement a été signée avec le Ministère du Commerce pour le <b>programme d'Appui à la facilitation du commerce</b> (5m€). Ce programme prévoit [...]  Le <b>programme privatisation</b> a également financé en 2007 un appui aux organismes de la qualité en Algérie à travers des études et l'assistance technique.
	<b>Modernisation Secteur Financier – Algeria:</b> No reference in programming documents of Commission's potential VA when providing support to the modernisation of the financial sector notably to support the development of private enterprises. For example, <b>none of the programming documents refer to potential synergies with the PME/PMI programme even though the latter had been launched the previous year.</b>
I-2.4.2	<b>ALGERIA</b>
	<b>Appui PME/PMI - Algeria</b>
	<b>Maghreb Leasing - Algeria</b>
	<b>Appui aux PME II – Algeria :</b> Its overall approach to ensure that its support was geared notably by this VA was <b>to capitalise on the experience of the previous intervention and to establish synergies with the other two trade and privatisation interventions.</b> Both were achieved according to a ROM:  <i>« Dans une large mesure, la conception du programme s'est appuyée sur l'expérience acquise dans le cadre du Programme d'Appui au Développement des PME/PMI (dit PME 1) qui s'est déroulé de 2001 à fin 2007 » (MR-115222.02)</i>  <i>« Une bonne collaboration s'est établie avec les autres programmes mis en œuvre par la CE. La coordination est bonne en particulier entre le volet "Qualité" du programme et le programme Facilitation du Commerce Extérieur (FACICO). La coopération porte sur les thèmes de la</i>

	<i>surveillance des marchés, la sécurité des produits et les associations de consommateurs.</i> » (MR-115222.02)
	<b>Modernisation Secteur Financier - Algeria</b>
<b>I-2.4.3</b>	<b>ALGERIA</b>
	<b>Appui PME/PMI - Algeria</b>
	<b>Maghreb Leasing - Algeria</b>
	<b>Appui aux PME II – Algeria</b>
	<b>Modernisation Secteur Financier - Algeria</b>
<b>I-2.4.4</b>	<b>ALGERIA</b>
	<b>Appui PME/PMI - Algeria</b>
	<b>Maghreb Leasing - Algeria</b>
	<b>Appui aux PME II – Algeria</b>
	<b>Modernisation Secteur Financier - Algeria</b>
<b>JC 2.5</b>	<i>The potential synergies of the Commission with other actors and other types of Commission support geared its decisions on the nature of the support it would provide.</i>
<b>Findings at JC level</b>	
<b>I-2.5.1</b>	Commission documents that lay down the overall (not country specific) PSD strategy of the Commission require that the Commission PSD strategies and interventions are chosen on the basis of, among other things, synergies with support provided by other actors or other types of Commission support
<b>I-2.5.2</b>	CSPs/RSPs and programming documents highlight synergies with support provided by other actors or other types of Commission support
<b>I-2.5.3</b>	Stakeholders consider that synergies with support provided by other actors or other types of Commission support been a key criterion for deciding on the nature of the support to be provided
<b>I-2.5.1</b>	<b>ALGERIA</b>
	<b>Appui PME/PMI - Algeria</b>
	<b>Maghreb Leasing - Algeria</b>
	<b>Appui aux PME II – Algeria</b>
	<b>Modernisation Secteur Financier - Algeria</b>
<b>I-2.5.2</b>	<b>ALGERIA:</b> <i>For the period 2002-2006: The CSP makes a general statement on: “La complémentarité avec les activités et stratégies des Etats-membres et autres bailleurs de fonds ainsi que la cohérence avec les autres politiques communautaires.” (p.21)</i> With respect to PSD in particular, the CSP informs that : <i>« L'appui communautaire visera à avoir des effets catalytiseurs sur la libéralisation des infrastructures et leur ouverture aux investissements privés. La stratégie prend en compte les</i>

	<p><i>expériences du programme régional « Participation privée dans les infrastructures méditerranéennes », mis en oeuvre conjointement par la Commission et la Banque mondiale. [...] Des synergies seront recherchées avec les activités d'investissement de la BEI et d'autres bailleurs ainsi que du secteur privé. » (p. 24)</i></p> <p><b>For the period 2007-2013:</b> In the same way the CSP makes a general statement:</p> <p><i>“[T]he lessons of past cooperation and exchanges of views with the main donors (complementarity, comparative advantages, focusing of aid), in particular the Member States, the EIB and the World Bank. This will have a more specific impact on indicative programming.” (p.18)</i></p> <p>With respect to PSD in particular, complementarity with a regional programme is highlighted:</p> <p><i>“A regional programme will support investment promotion in the economic development sector.” (p.24)</i></p> <p><b>Appui PME/PMI – Algeria:</b></p> <p>Such synergies not highlighted in the programming documents. The Final evaluation reports informs however that <b>synergies occurred between the Commission’s intervention and two interventions financed respectively by the GTZ and the Spanish Cooperation but no synergy with another MEDA programme:</b></p> <p><i>« S’agissant notamment du programme agissant au niveau du tissu associatif GTZ, il semble qu’un partage d’expériences et des complémentarités ont été mises en oeuvre. Il en est de même pour le programme de coopération espagnole qui intervient particulièrement sur le projet de création des pépinières d’entreprises.</i></p> <p><i>En revanche, il n’y a pas eu de synergie avec le Ministère de l’Industrie dans son programme de sept études de filières qui a été mis en oeuvre avec un financement MEDA. » (p.65)</i></p> <p><b>Maghreb Leasing – Algeria:</b></p> <p>The evaluation report mentions that the <i>“creation of Maghreb Leasing – Algeria is a good illustration of effective coordination among the EIB, the EU Member states development agencies and the IFC (guarantor for the private banks’ loans and shareholder).” (p.1)</i></p> <p><b>Appui aux PME II – Algeria :</b></p> <p>Such synergies are highlighted in the FA. <b>They did take place with other Commission’s interventions (see I-2.4.2); they did not take place with interventions from other donors because they are no longer active in the sector (so N/A).</b></p> <p>With other Commission’s interventions under <i>“Enseignements tirés et complémentarité » (p.18)</i></p> <p>Par ailleurs, une convention de financement a été signée avec le Ministère du Commerce pour le <b>programme d’Appui à la facilitation du commerce</b> (5m€). Ce programme prévoit notamment la vulgarisation des accords commerciaux, y compris pour les PME, l’amélioration de la protection et de la sécurité des consommateurs, la modernisation et la consolidation des structures de contrôle et de surveillance du marché, l’appui et le renforcement des activités des Chambres de Commerce et d’Industrie (CCI) et enfin l’appui au développement d’un Laboratoire National d’Essais (LNE) pour les produits industriels.</p> <p>Le <b>programme privatisation</b> a également financé en 2007 un appui aux organismes de la qualité en Algérie à travers des études et l’assistance technique.</p>
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	<p>With interventions of other actors under, a ROM informs:</p> <p>« <i>Aucun donateur n'intervient actuellement sur le secteur concerné par le programme. Des interventions ont été menées dans le passé par les organismes de coopération bilatéraux de trois états membres: la France, l'Allemagne et l'Espagne.</i> » (MR-115222.01)</p> <p>(See I-2.5.2 for description of these cooperations)</p> <p><b>Modernisation Secteur Financier – Algeria:</b></p> <p><b>No synergies</b> were highlighted although a synergy with the <b>PME/PMI programme could have clearly been highlighted.</b></p> <p>A ROM report criticises in this respect:</p> <p>directe. L'appui à la filière formation bancaire aurait été aussi une piste à renforcer. Le projet n'a pu :</p> <ul style="list-style-type: none"> <li>- créer des liens plus forts avec les autres projets soutenus par la DCE, en l'occurrence : ligne de crédit/fonds de garantie du projet PM, le réseau de banques publiques et les interlocuteurs de la DGT/Ministère des Finances ;</li> <li>- favoriser les passerelles entre les différentes thématiques sectorielles (Ex : Banques, PME) et transversales (Formation) appuyées par l'UE,</li> </ul> <p>(MR-10166.04)</p>
<p><b>I-2.5.3</b></p>	<p><b>ALGERIA</b></p> <p>Des synergies existent entre les différentes interventions de la Commission sans que celles-ci puissent toujours se concrétiser au niveau opérationnel (partage inégal de l'information entre les programmes PME et DIVECO (Appui à la diversification de l'économie)</p> <p>(MN 747)</p> <p>L'interaction entre les programmes de la Commission et les programmes des autres bailleurs n'a pas permis de créer des synergies concrètes</p> <ul style="list-style-type: none"> <li>• La Del. UE coordonne le sous-groupe secteur privé/emploi mais le pays partenaire ne s'est pour l'instant pas impliqué. Ce manque de coordination de la part du GdA ne facilite pas la création de synergies entre les programmes (MN 753)</li> <li>• Pourtant peu de bailleurs sont actifs</li> </ul> <p>Néanmoins, prise d'initiative des bénéficiaires finaux pour réaliser des synergies</p> <ul style="list-style-type: none"> <li>• Exemple de la CGCI qui a utilisé le diagnostic réalisé par l'AfD et son souhait de s'inspirer de l'exemple de l'organisme de garanties OSEO pour déposer un dossier auprès du programme de la Commission PME II</li> </ul> <p>(MN743)</p> <p><b>Appui PME/PMI - Algeria</b></p> <p><b>Maghreb Leasing - Algeria</b></p> <p><b>Appui aux PME II – Algeria</b></p> <p><b>Modernisation Secteur Financier - Algeria</b></p>
<p><b>JC 2.6</b></p>	<p><b><i>The Commission's PSD strategies and programming were clearly prioritised and part of a wider Commission strategy in the country/region</i></b></p>
<p><b>Findings at JC level</b></p>	

I-2.6.1	Commission strategy/programming documents explain how the Commission's PSD strategy fits into the wider Commission's country/regional strategies and priorities
I-2.6.2	Commission strategy/programming documents explain how the Commission's have been prioritised with regard to the PSD needs of the country
I-2.6.3	Stakeholders consider that the Commission's PSD support was part of a wider prioritised approach of the Commission in the country/region as well as prioritised with respect to PSD need of the country
I-2.6.4	A methodological procedure has been adopted for selecting areas of intervention per country, as per the 2005 Evaluation Recommendation RI-1, including: an assessment of priority needs; selection of interventions with Commission comparative advantage; and an assessment of whether pre-conditions of intervention are met
I-2.6.1	<p><b>ALGERIA:</b></p> <p><u>For the period 2002-2006:</u> Strategic objectives of the Commission are anchored in the Barcelona Process (1995) which is based on developing cooperation in the areas of political dialogue, economic partnership and social/cultural cooperation. Taking this into consideration four area of interventions are prioritised and three are related to PSD (see I-2.1.1):</p> <p><i>“Dans ce contexte et en tenant compte des objectifs du processus de Barcelone, la CE peut aider le plus efficacement possible le pays en se concentrant sur les priorités suivantes » (Résumé général)</i></p> <p><u>For the period 2007-2013:</u> One key strategic aim of cooperation with Algeria is the Association Agreement (AA) since September 2005 (which falls within the framework of the Barcelona Process) and which <i>“provides for a free trade area (FTA) between the two parties after 12 years. The agreement constitutes the framework for EU-Algeria political, economic, social, scientific and cultural cooperation.” (p.1)</i></p> <p>This AA implies <i>“sustainable economic reforms (employment and growth)”</i> and Commission's priorities related to PSD come under this implication:</p> <ol style="list-style-type: none"> <li>1) in strategy (CSP 2007-2013): PSD related priority objectives are: <i>“economic diversification, development of conditions conducive to private investment, development of competitive companies (SMEs), development of education and training” (p.18)</i> and</li> <li>2) in programming (NIP): 2007- PME/PMI II (€40m): <i>“Sustainably improve business competitiveness: (i) direct support to SMEs; (ii) technical centres; (iii) quality system: standardisation, metrology and certification; (iv) information and communication technologies.”</i> 2008 - DIVERSIFICATION OF THE ECONOMY (€25m): <i>“In line with the implementation of the Association Agreement, to support diversification of the economy notably to continue reforms to the regulatory and institutional framework, to improve the investment climate”.</i> 2009 – EMPLOYMENT (€24m) <i>“Improve information, mediation, monitoring and steering functions in the labour market through the modernisation of the national employment agency (ANEM), acting in liaison with other institutional actors, in particular the social partners: effective labour market information system, better statistics and forecasts, mediation between supply and demand, also at international level.” (p.25)</i></li> </ol> <p><b>Appui PME/PMI – Algeria:</b></p> <p>No reference in the programming documents (Financial Agreement) to wider</p>

	<p>Commission's strategy/ priorities in the country. The final evaluation report however links this intervention to the signing of the AA:</p> <p><i>« Le Programme s'inscrit dans les actions prévues dans le cadre de l'Accord d'Association de l'Algérie avec l'UE. L'intervention vise à contribuer, par la fourniture des services d'informations et d'appui et la dissémination des résultats des études, à une prise de conscience des enjeux au développement du secteur privé, notamment de la petite et moyenne entreprise privée. » (p.14)</i></p> <p><b>Maghreb Leasing – Algeria:</b></p> <p>No reference neither to a PSD strategy in Algeria nor to wider Commission's strategy/priorities in the country</p> <p><b>Appui aux PME II – Algeria :</b></p> <p>The programming documents (Project Synopsis, Financial Agreement) <b>link this intervention to the wider Commission's trade strategy in the country:</b></p> <p><i>« L'Algérie s'est ouverte officiellement au marché avec la signature de l'Accord d'Association avec l'Union Européenne (effectif à partir de septembre 2005), et la négociation de son adhésion à l'OMC. Afin de permettre aux entreprises industrielles algériennes de profiter davantage de ces accords, des efforts importants de mise à niveau doivent être fournis. » (Project Synopsis)</i></p> <p><b>Modernisation Secteur Financier – Algeria:</b></p> <p>The programming documents (Project Synopsis, Financial Agreement) <b>link this intervention to the wider Commission's trade strategy in the country</b>, notably the creation of a free-trade zone (FA, p.16):</p> <p><b><u>L'objectif global est de promouvoir la compétitivité du secteur financier algérien et sa capacité à soutenir le développement des entreprises privées, au moyen d'actions favorisant la concurrence et l'adaptation du secteur à l'économie de marché et à la future zone de libre-échange euro- méditerranéenne.</u></b></p>
I-2.6.2	<p><b>ALGERIA:</b></p> <p><u>For the period 2002-2006:</u> The three cooperation priorities related to PSD are aligned with the CSP's chapter on economic medium-term challenges notably:</p> <p><i>« Au plan des réformes structurelles, l'Algérie doit, en priorité, accélérer la mise en oeuvre de la privatisation et créer des conditions favorables au développement du secteur privé afin d'enverser l'évolution négative du secteur industriel et de diversifier l'économie. En parallèle, le secteur financier doit être modernisé et davantage ouvert au capital privé. L'adaptation et l'harmonisation du cadre réglementaire avec l'UE et les pays voisins et, surtout, le renforcement des institutions nécessaires à son application améliorerait la compétitivité internationale des entreprises. La libéralisation et la modernisation des infrastructures économiques, en particulier celles à vocation régionale, renforcera l'intégration dans l'économie mondiale et sous-régionale. » (p.13)</i></p> <p><u>For the period 2007-2013:</u> The need to intervene in PSD more specifically to "CREATING A BUSINESS ENVIRONMENT CONDUCIVE TO THE DEVELOPMENT OF PRODUCTIVE ACTIVITIES, ESPECIALLY PRIVATE INVESTMENT (FOREIGN AND DOMESTIC)" (p.12) is presented in the CSP as a medium-term challenge as Algeria opens up to the outside world and encounters increased competition.</p> <p><b>Appui PME/PMI – Algeria:</b></p>



	<p>No evidence of such explanation in the programming documents</p> <p><b>Maghreb Leasing – Algeria:</b> No evidence of such explanation in the programming documents only <b>points to the fact that leasing is “less developed segment of the financial sector, which however can potentially be very useful to give SMEs access to capital for investment.”</b> (Operations Evaluation, p. 1)</p> <p><b>Appui aux PME II – Algeria :</b> The programming documents (Project Synopsis, FA) <b>take into account the PSD needs of the country</b>, more specifically they <b>list the challenges of the Algerian SMEs</b> and explain why the establishment of a <b>quality system is a priority:</b></p> <p>« Les entreprises algériennes doivent faire face à plusieurs défis:</p> <ul style="list-style-type: none"> <li>• la concurrence d'importations non contrôlées,</li> <li>• un marché parallèle considérable (estimé à 40% de l'économie hors hydrocarbures),</li> <li>• le manque de formation de la plupart des dirigeants,</li> <li>• le manque de main d'œuvre qualifiée,</li> <li>• un environnement insuffisamment favorable à l'entreprise, une faiblesse des institutions associatives professionnelles.</li> </ul> <p>De plus, les quelques entreprises algériennes qui pourraient exporter ne peuvent profiter pleinement de l'Accord d'Association avec l'UE en raison notamment de la place encore faible des organismes de contrôle, d'accréditation, de normalisation, indispensables pour que les produits algériens répondent aux exigences des marchés européens. » (Project Synopsis)</p> <p><b>Modernisation Secteur Financier – Algeria:</b> The programming documents (Project Synopsis, FA) <b>take into account not so much the PSD needs but rather the related modernisation needs of the financial sector:</b></p> <p>« Le système financier algérien est longtemps resté dans une logique d'économie planifiée, de méthodes administratives plutôt que commerciales. L'ouverture de l'Algérie à l'économie de marché, la concurrence de banques étrangères qui s'implantent et, par la suite, de banques privatisées, oblige les institutions financières algériennes à se moderniser, à adopter une approche plus proche de leur clientèle. Elles doivent également s'adapter à une nouvelle réglementation bancaire. » (Project Synopsis)</p>
I-2.6.3	<b>ALGERIA</b>
	<b>Appui PME/PMI - Algeria</b>
	<b>Maghreb Leasing - Algeria</b>
	<b>Appui aux PME II – Algeria</b>
	<b>Modernisation Secteur Financier - Algeria</b>
I-2.6.4	<p><b>ALGERIA:</b> For the period 2002-2006: No evidence that such methodological procedure has been followed <b>but document drafted prior to 2005.</b> For the period 2007-2013: <b>No evidence of such methodological procedure but analysis of the constraints to PSD</b> is provided in the CSP but no mention of source. <b>Areas of interventions selected according to these constraints:</b></p>

	<p><i>“The main constraints on private sector development are</i></p> <ul style="list-style-type: none"> <li><i>(i) a public sector which still controls much of the economic activity;</i></li> <li><i>(ii) difficult access to industrial land;</i></li> <li><i>(iii) financing difficulties;</i></li> <li><i>(iv) high administrative barriers;</i></li> <li><i>(v) limited access to information;</i></li> <li><i>(vi) inadequate labour regulation and the lack of a qualified workforce;</i></li> <li><i>(vii) inadequate infrastructure;</i></li> <li><i>(viii) inefficient legal and justice systems; and</i></li> </ul> <p><i>weak professional associations which are not always representative.” (p.20)</i></p>
	<p><b>Appui PME/PMI – Algeria:</b> No evidence of such methodological procedure <b>but programme launched prior to 2005.</b></p>
	<p><b>Maghreb Leasing – Algeria:</b> No evidence of such methodological procedure</p>
	<p><b>Appui aux PME II – Algeria :</b> <b>No evidence of a methodological procedure</b>, as mentioned under I-2.6.2, programming documents list the challenges of SMEs but not clear how these challenges were determined, no reference to any analysis or assessment.</p>
	<p><b>Modernisation Secteur Financier – Algeria:</b> No evidence of such methodological procedure <b>but programme launched prior to 2005.</b></p>
<b>JC 2.7</b>	<b><i>The Commission designed its PSD support so as to promote gender equality, good governance, and combat environmental degradation and HIV</i></b>
<b>Findings at JC level</b>	
<b>I-2.7.1</b>	Commission strategy/programming documents explain how the Commission’s PSD strategy and specific intervention will contribute to the above mentioned crosscutting issues
<b>I-2.7.2</b>	Stakeholders consider that when designing its support, the Commission took into account the above mentioned cross-cutting issues
<b>I-2.7.1</b>	<p><b>ALGERIA:</b> <u>For the period 2002-2006:</u> General statement on cooperation taking into consideration key documents on CCI. (p.21)</p> <p>With respect to PSD and the priority on human resources development, a specific reference is made to the <b>importance of gender equality</b>: <i>“La situation des femmes devra retenir l’attention, en particulier en ce qui concerne la réduction des disparités dans le système éducatif (conditions des filles rurales), l’aide à la (re-)insertion au marché du travail et la promotion du travail indépendant dans le cadre de la microfinance. » (p.25)</i></p> <p><b>Environment</b> also taken into account in PSD related assistance :</p>

	<p>« Le processus d'association et de développement économique doit être accompagné de politiques assurant un développement écologiquement durable par la prise en compte de l'impact sur l'environnement. » (p.23)</p> <p><u>For the period 2007-2013:</u> General statement on cooperation taking into consideration CCIs:</p> <p><i>“As in the previous programming exercise, the reduction of gender inequality will be taken into account by the Commission when appraising cooperation programmes. Special attention will be paid to the question of women and children's rights. Good governance, human rights, sustainable development and environmental protection are also crosscutting issues common to all programmes.”</i> (p.24)</p> <p>With respect to PSD, different performance indicators and expected results on <b>gender equality:</b></p> <p>For example: <i>“The activity indicators will include: administrative simplification measures: information, procedures, the length of time to start up a business, simple online documents reflecting Algeria's higher ranking in the World Bank classification (“Doing Business”), number of persons trained in business skills and a better match of the supply and demand of skills in the employment market, respect for gender equality,”</i> (p.30)</p>
	<p><b>Appui PME/PMI – Algeria:</b></p> <p>Both gender equality and environment are taken into consideration.</p> <p>The DTAs mention: <i>“Les hommes et les femmes participeront d'une manière égalitaire dans toutes les phases du Programme. »</i> (p.20)</p> <p>Furthermore eligibility criteria for the selection of projects and enterprises on these CCIs are introduced:</p> <p><i>« Pour bénéficier de l'assistance du Programme tout projet et toute entreprise sous-traitante ou fournisseur devra être en conformité avec la législation nationale en matière environnementale. »</i> (p.32)</p> <p><i>« Exemplarité du projet (ex. développement régional, technologique, valorisation des ressources locales, exportation, protection de l'environnement, partenariat, main d'œuvre féminine) »</i> (p.36)</p> <p>The actual implementation of these criteria was verified during the field phase.</p>
	<p><b>Maghreb Leasing – Algeria:</b></p> <p>The programme did not give special attention to the above cross-cutting issues. The evaluation mentions with respect to environment and social impact: <i>“The environmental and social impact was not particularly analysed at appraisal, and the European Commission did not make any statement at ex-post evaluation stage.”</i> (p.3)</p>
	<p><b>Appui aux PME II – Algeria :</b></p> <p>According to the ROM exercise <b>the environment and good governance were taken into account:</b></p> <p><i>« On pourrait s'inquiéter d'un éventuel impact négatif du développement des entreprises sur l'environnement. Mais au contraire, les interventions de mise à niveau des entreprises concernent également les aspects environnementaux. »</i> (MR-115222.02)</p> <p><i>« L'ensemble du programme vise à introduire au sein des institutions concernées et des entreprises</i></p>

	<p><i>des pratiques plus conformes à la bonne gouvernance. Il est trop tôt pour mesurer l'impact réel du programme en ce domaine. » (MR-115222.02)</i></p> <p><b>Gender does not seem to have been taken into account</b> and it is not clear why the ROM reports consider this cross-cutting issue to be non-relevant:  <i>« Les aspects "genre" ne sont pas mentionnés dans la CF et sont de toute façon peu pertinents en ce qui concerne ce programme. » (MR-115222.02)</i></p> <p><b>Modernisation Secteur Financier – Algeria:</b>  The cross-cutting issue of <b>good governance</b> is the <b>only one taken into account</b> as stated in the programming documents:  <i>“La Banque centrale, Ministère des finances, Trésor public et les organismes nationaux des marchés financiers assumeront plus efficacement leur fonction de gouvernance, d'appui et de surveillance, et disposeront d'une réglementation mieux adaptée. » (Project Synopsis)</i>  Even though the <i>ex-post</i> ROM report considers the impact to be weak in this domain:  <b>L'impact dans ce domaine reste très faible.</b> (MR-10166.04)</p>
I-2.7.2	<p><b>ALGERIA</b></p> <p><b>Appui PME/PMI - Algeria</b></p> <p><b>Maghreb Leasing - Algeria</b></p> <p><b>Appui aux PME II – Algeria</b></p> <p><b>Modernisation Secteur Financier - Algeria</b></p>
JC 2.8	<i>The Commission PSD activities have contributed to the decent work agenda and/or the improvement of core labour standards and rights of the worker</i>
Findings at JC level	
I-2.8.1	EC macro-economic and policy interventions targeted the decent work agenda and/or improvement of core labour standards and social governance in beneficiary countries during the evaluation period
I-2.8.2	Regulations passed on core labour standards and/or social governance in beneficiary countries during the evaluation period
I-2.8.1	<p><b>ALGERIA:</b>  No evidence of core labour standards and social governance being targeted</p> <p><b>Appui PME/PMI – Algeria:</b>  No evidence of core labour standards and social governance being targeted</p> <p><b>Maghreb Leasing – Algeria:</b>  The target was a specific domain of the financial sector (leasing) so no evidence of core labour standards and social governance being targeted</p> <p><b>Appui aux PME II – Algeria :</b>  No evidence of core labour standards and social governance being targeted</p> <p><b>Modernisation Secteur Financier – Algeria:</b></p>

	The target was the financial sector so no evidence of core labour standards and social governance being targeted
<b>I-2.8.2</b>	<b>ALGERIA:</b> No evidence of this.
	<b>Appui PME/PMI – Algeria:</b> No evidence
	<b>Maghreb Leasing - Algeria</b>
	<b>Appui aux PME II – Algeria :</b> No evidence
	<b>Modernisation Secteur Financier - Algeria</b>

<b>EQ 3</b>	<b>To what extent did the set of Commission funding vehicles and aid modalities for supporting PSD strategies and activities of partner countries and regions result in the provision of timely responses at a reasonable cost to the challenges faced by the private sector in third countries, while fostering synergies among each other and with vehicles offered by other actors?</b>
<b>Other relevant information (not captured elsewhere)</b>	
<b>JC 3.1</b>	<i>The set of funding vehicles or aid modalities developed by the Commission at general level to support partner country PSD strategies and activities aimed at covering the range of challenges faced by the private sector in third countries, while bearing in mind efficiency and synergies</i>
<b>Findings at JC level</b>	<p>Mis à part la facilité d'investissement qui a permis de faire face au défis de financement des PME, les autres instruments et modalité d'aide développés au niveau général n'étaient pas particulièrement efficaces pour relever les défis du secteur privé dans le pays.</p> <ul style="list-style-type: none"> <li>• Ces modalités suivent les souhaits du gouvernement qui n'est pas assez focalisé (région, secteur, activité) au détriment de l'efficacité de son aide</li> <li>• La coopération bilatérale n'a pas permis de prendre suffisamment en compte le point de vue des acteurs du secteur privé</li> <li>• La Del. UE recherche des modalités qui lui permettraient d'adresser plus directement les acteurs du secteur privé</li> </ul> <p>(MN 747, MN 753)</p>
<b>I-3.1.1</b>	Documents outlining the rationale of each modality/ instrument with respect to PSD identify the specific challenges to which it should respond
<b>I-3.1.2</b>	Commission documents explain how the <u>set</u> of instruments/modalities covers the needs of the private sector in a comprehensive manner, while fostering efficiency and synergies
<b>I-3.1.3</b>	Stakeholders consider that the Commission's set of instruments was designed with a view to tackle challenges while fostering efficiency and synergies
<b>I-3.1.1</b>	<p><b>ALGERIA</b></p> <p><b>Appui PME/PMI - Algeria</b></p> <p><b>Maghreb Leasing – Algeria:</b></p> <p>The evaluation of this intervention informs that one of the objectives of "the reinforced FEMIP", the financing facility that finance Maghreb Leasing in Algeria, is to provide direct support to SMEs. This objective is relevant when considering the challenge faced by SMEs of accessing capital for investment in partner countries.</p> <p><b>Appui aux PME II – Algeria</b></p> <p><b>Modernisation Secteur Financier - Algeria</b></p>

I-3.1.2	<p><b>ALGERIA:</b></p> <p>Creation of a facility within the EIB the Facility for Euro-Mediterranean Investment and Partnership (FEMIP - October 2002) to which the Commission contributes:</p> <p><i>“At the end of 2003, it was decided to reinforce the FEMIP, by adding new financial instruments and changing some organisational features in order to increase activities aimed at the private sector and cooperation with Partner Countries.” (NIP 2005-2006, p.9)</i></p> <p>The objective of such facility is: <i>“to support a much-broadened activity range, with priority going to private sector development.” (p.9)</i></p> <p><b>Appui PME/PMI - Algeria</b></p> <p><b>Maghreb Leasing – Algeria:</b></p> <p>This intervention is finance by the reinforced FEMIP mentioned above. According to an evaluation report: <i>“The creation of Maghreb Leasing Algeria is an illustration of effective coordination among the EIB, the EU Member States development agencies and the IFC (guarantor for the private banks’ loans and shareholder)” (p.1)</i></p> <p><b>Appui aux PME II – Algeria</b></p> <p><b>Modernisation Secteur Financier - Algeria</b></p>
I-3.1.3	<p><b>ALGERIA</b></p> <p><b>Appui PME/PMI - Algeria</b></p> <p><b>Maghreb Leasing - Algeria</b></p> <p><b>Appui aux PME II – Algeria</b></p> <p><b>Modernisation Secteur Financier - Algeria</b></p>
JC 3.2	<p><b><i>When designing its support for partner country PSD strategies and activities in specific countries or regions, the Commission’s choice of funding vehicles or aid modalities was geared towards the specificity of challenges, the expected efficiency and the potential synergies with other vehicles or modalities</i></b></p>
Findings at JC level	<p>The context of the country and notably the strong influence of the public sector was taken into consideration in the choice of instruments; or rather for <u>not choosing</u> Budget Support:</p> <p><i>« Le fait que le secteur public est la main mise sur le secteur privé ne nous encourage pas pour l'utilisation d'un AB qui ne ferait que renforcer cette tendance, ce serait encore plus de planification étatique du secteur privé donc l'inverse de ce qu'on souhaite encourager. » (MN 753)</i></p>
I-3.2.1	Justification of the choice of instruments in strategy and programming documents at country/regional level
I-3.2.2	Justification of the choice provided by Commission representatives
I-3.2.1	<p><b>ALGERIA:</b></p> <p>PSD programmes were financed through MEDA (until 2007). No specific rationale for choosing this instrument.</p>

	<p><u>For the period 2007-2013:</u></p> <p>No justification for the choice of instrument but <b>emphasizes that the new ENPI will bring some advantages such as increased flexibility and complementary between levels of interventions:</b></p> <p><i>“From 2007 Community assistance will be provided through a range of new instruments. The European Neighbourhood and Partnership Instrument (ENPI), which has national, regional, crossborder and thematic components, will be the main financial instrument available to Algeria. <b>The introduction of these new external assistance instruments should substantially increase flexibility in the implementation of assistance.</b> New forms of cooperation, such as TAIEX, study-grant programmes and twinning schemes should play an essential role in the implementation of bilateral cooperation priorities. The ENPI regional programme for the southern partners will help achieve the objectives described in this strategy since some of the regional or subregional activities <b>may offer value-added or be complementary to bilateral operations.</b>” (Bold not in original text)</i></p> <p><b>Appui PME/PMI – Algeria:</b> No such justification for choosing a “project approach”</p> <p><b>Maghreb Leasing – Algeria:</b> Justification on the choice of instrument notably in light of the objective highlighted above: <i>“The project meets priority objectives of the ‘reinforced FEMIP’ through the direct support to SMEs, and by specifically involving South-South cooperation (Tunisian Leasing was the promoter of this project)”.</i> (p.1)</p> <p><b>Appui aux PME II – Algeria :</b> No such justification for choosing a “project approach”</p> <p><b>Modernisation Secteur Financier – Algeria:</b> No such justification for choosing a “project approach”</p>
I-3.2.2	<p><b>ALGERIA</b></p> <p>Appui PME/PMI - Algeria</p> <p>Maghreb Leasing - Algeria</p> <p>Appui aux PME II – Algeria</p> <p>Modernisation Secteur Financier - Algeria</p>
JC 3.3	<p><b><i>The level at which the Commission intervened (national, regional, supra-regional) was appropriate to meet the specific challenges in terms of PSD</i></b></p>
Findings at JC level	<p>Même si la Commission a une approche régionale pour les pays MEDA, celle-ci n’est pas soutenue par le GdA qui privilégie une coopération bilatérale.</p> <ul style="list-style-type: none"> <li>• La Charte européenne pour les entreprises est un succès au Maroc et en Tunisie, mais ne fonctionne pas en Algérie</li> <li>• Pour les programmes nationaux similaires à d’autres de la région MEDA pas de transfert de “leçons apprises” de ces autres expériences dans d’autres pays</li> </ul> <p>(MN 753)</p>



I-3.3.1	Strategy and programming documents show evidence that the intervention level was selected on the basis of a consideration of the challenges being addressed.
I-3.3.2	Stakeholders consider that the selection of intervention levels made by the Commission across the board of its PSD interventions, has been appropriate to the challenges being addressed
I-3.3.3	Stakeholders consider that the selection of intervention levels made by the Commission has enabled synergies and cross-fertilisation to develop between countries and regions.
I-3.3.1	<p><b>ALGERIA:</b></p> <p><u>For the period 2002-2006:</u> There is a reference to a regional programme and the wish expressed to have a “catalytic” effect but no explanation on the selection of the intervention level:</p> <p><i>« L'appui communautaire visera à avoir des effets catalytiseurs sur la libéralisation des infrastructures et leur ouverture aux investissements privés. La stratégie prend en compte les expériences du programme régional « Participation privée dans les infrastructures méditerranéennes », mis en oeuvre conjointement par la Commission et la Banque mondiale. » (p.24)</i></p> <p><u>For the period 2007-2013:</u> In the same way reference to a regional programme but no explanation on the selection of the intervention level:</p> <p><i>“A regional programme will support investment promotion in the economic development sector” (p.23)</i></p> <p><b>Appui PME/PMI – Algeria:</b></p> <p>The DTAs informs with respect to the intervention level:</p> <p><i>« La zone d'intervention sera l'ensemble du territoire algérien. Douze antennes régionales seront créées auprès des chambres de commerce et d'industrie (CCI) du pays. » (p.23)</i></p> <p>No evidence on how the intervention level was selected but positive impact according to evaluation report :</p> <p><i>« D'après les rencontres que la mission a eu avec les entreprises dans les localités des quatre antennes visitées et les entretiens avec les associations professionnelles, on peut dire que le programme est connu et apprécié et que l'impact des actions est positif et réel au sein des PME en terme d'améliorations du management, de la productivité et de la compétitivité. » (p.72)</i></p> <p>It seems that the number of regional antennas was revised from 12 to 5.</p> <p><b>Maghreb Leasing – Algeria:</b></p> <p>No evidence of such consideration for selecting the intervention level</p> <p><b>Appui aux PME II – Algeria :</b></p> <p>As mentioned above, this programme is by large a follow-up of the PME/PMI programme and is also intervening at the national level, which <b>was determined as being the right level of intervention.</b></p> <p><b>Modernisation Secteur Financier – Algeria:</b></p> <p>No evidence on how the intervention level was selected but considering the nature of its objective <i>“promouvoir la compétitivité du secteur financier algérien et sa capacité à soutenir le développement des entreprises privées »</i> it seems logical that this programme be implemented at the national level.</p>
I-3.3.2	<b>ALGERIA</b>

	Appui PME/PMI - Algeria
	Maghreb Leasing - Algeria
	Appui aux PME II – Algeria
	Modernisation Secteur Financier - Algeria
I-3.3.3	ALGERIA
	Appui PME/PMI - Algeria
	Maghreb Leasing - Algeria
	Appui aux PME II – Algeria
	Modernisation Secteur Financier - Algeria
<i>JC 3.4</i>	<i>The implementation showed that funding vehicles or aid modalities were appropriate to tackle challenges and to do so efficiently and in synergy with other vehicles</i>
Findings at JC level	
I-3.4.1	Evidence provided in reports on the support concerning the appropriateness of instruments/modalities, their efficiency and synergies with other instruments/modalities
I-3.4.2	Stakeholders consider that instruments (specific instruments and/or the set of instruments) were appropriate and enhanced efficiency and synergies
I-3.4.1	<p><b>ALGERIA:</b></p> <p>The CSP 2007-2013 provides a set of lessons learnt on the basis of evaluations of the MEDA instrument. Some are general and refer for example to the disbursement problem encountered by MEDA programmes mainly on account of security reason and the improvement over the years:</p> <p><i>“On an annual basis, we have gone from a disbursement/commitment rate of 9% in 2001 to 99% in 2005.” (p.15)</i></p> <p>And one lesson is specifically related to PSD:</p> <p><i>“The experience acquired in the implementation of the SME/SMI direct support programmes shows that technical assistance to SMEs is an effective way of contributing to the modernisation of Algeria's economic fabric. PME/PMI II is an extension of the existing programme and the only large-scale programme scheduled for the period 2007-2010.” (p.15)</i></p>
	<p><b>Appui PME/PMI – Algeria:</b></p> <p>No evidence</p>
	<p><b>Maghreb Leasing – Algeria:</b></p> <p>The project reached its objective to create a new leasing company thereby contributing to the development of leasing in Algeria. <b>Evidence in the evaluation report that the instrument chosen (FEMIP funds channelled through the EIB) proved efficient and allowed for synergies:</b> <i>“The EIB participating loan was determinant in allowing the Tunis Leasing Group (TLG) to attract other shareholders and created Maghreb Leasing Algeria (MLA). In fact, the EIB loan gave confidence to Tunisian and European financial institutions, which joined TLG as shareholders of MLA and paved the way for other financial institutions, thereby inducing an important catalytic</i></p>

	<p><i>effect [...] The operation illustrates the effective coordination among the EIB, the EU Member States development agencies and the IFC” (pp.4-5)</i></p> <p><b>Appui aux PME II – Algeria :</b> No evidence and the <b>instrument chosen not efficient</b> (see I-3.5.2)</p> <p><b>Modernisation Secteur Financier – Algeria:</b> <b>The management modality of the programme was not considered appropriate by ROM report even though the overall programme was given a B in efficiency:</b></p> <p>L'UGP, nonobstant l'existence de deux EAT, est restée le gestionnaire du programme. Tenue de coordonner les intérêts des bénéficiaires avec qui elle était en contact permanent, elle exerçait des fonctions de surveillance et de contrôle du programme qu'elle devait recadrer en négociant avec les EAT pour maintenir la ligne définie à l'origine par la DGT : ce mode d'organisation n'est pas à retenir pour de nouveaux projets.</p> <p>(DGT: Direction Générale du Trésor) (MR-10166.04)</p>
<b>I-3.4.2</b>	<p><b>ALGERIA</b></p> <p>Emphasis on the difficulty to tackle private sector's actors directly with the instruments available. This may be even more of a problem in a country where the public sector has a tendency to want to intervene in the private sector.</p> <p>(MN 747,753)</p> <p>The exception is the FEMIP that has allowed to create a leasing service for SMEs in Algeria. This was paramount considering the acute problem of access to finance in Algeria. This initiative is a success story: Maghreb Leasing is now present in five regions and still developing. (MN756)</p> <p><b>Appui PME/PMI - Algeria</b></p> <p><b>Maghreb Leasing - Algeria</b></p> <p><b>Appui aux PME II – Algeria</b></p> <p><b>Modernisation Secteur Financier - Algeria</b></p>
<b>JC 3.5</b>	<b><i>Projects were implemented in line with planning, both in terms of timeliness and costs</i></b>
<b>Findings at JC level</b>	<p>Dans l'ensemble des retards ont été notés au niveau du démarrage des programmes</p> <ul style="list-style-type: none"> <li>• PME/PMI pour lequel trois avenants à la convention de financement ont du être signés (objectifs trop ambitieux on dus être adaptés)</li> <li>• PME II pour lequel un avenant pour prolonger à du être signé (mise en place de l'ATI)</li> <li>• Modernisation du secteur financier, retard également dû à une révision des objectifs initiaux mais ce retard a cependant pu être comblé</li> </ul> <p>(MN742)</p> <p>Dans le suivi d'un programme, « les problèmes contrats-finances mobilisaient parfois toutes les forces plus que de véritablement réfléchir sur la progression du projet. » (MN760)</p>
<b>I-3.5.1</b>	Stakeholders consider that timing and planning do fit requirements of private sector actors
<b>I-3.5.2</b>	Evidence provided in reports on the extent to which planned timing and costs were respected

I-3.5.3	Views of stakeholders on the extent to which planned timing and costs were respected
I-3.5.4	Factors having enhanced or hampered the respect of planning in terms of time and costs as displayed in reports and invoked by stakeholders
I-3.5.1	<b>ALGERIA</b>
	<b>Appui PME/PMI - Algeria</b>
	<b>Maghreb Leasing - Algeria</b>
	<b>Appui aux PME II – Algeria</b>
	<b>Modernisation Secteur Financier - Algeria</b>
I-3.5.2	<b>ALGERIA:</b> See I-3.4.1
	<b>Appui PME/PMI – Algeria:</b> Planned timing not respected in initial stages. Three addenda had to be signed: 1 <sup>st</sup> to simplify objectives and establish more realistic results and 2 <sup>nd</sup> and 3 <sup>rd</sup> to extend implementation period. ( <i>IBM evaluation report p5, p14</i> )
	<b>Maghreb Leasing – Algeria:</b> No evidence of programme being delayed or problem of cost-effectiveness. A summary sheet provided by the EIB informs: <i>“The development of the activities is in line with the business plan. Repayments to the Bank have been made when due.”</i>
	<b>Appui aux PME II – Algeria :</b> According to ROM, <b>planned timing not respected and problem for implementing all planned activities:</b> <i>« Le calendrier initialement prévu pour la réalisation du programme a été prolongé de 18 mois par l'avenant N°1 à la CF, en avril 2010. Il n'est pas certain que ceci permettra de réaliser l'ensemble des actions prévues. » (MR-115222.02)</i>
	<b>Modernisation Secteur Financier – Algeria:</b> Planned <b>timing not respected</b> in initial stages largely due to problems of design: <i>« Trop grande diversification: le programme devait s'attaquer pratiquement à tous les problèmes dans toutes les banques. Or toutes les banques n'étaient pas préparées ou motivées pour cette évolution, et ne pouvaient aller au même rythme. » (MR-10166.03)</i>  But the programme was revised so that this challenge and others could be overcome according to ROM report.
I-3.5.3	<b>ALGERIA</b>
	<b>Appui PME/PMI - Algeria</b>
	<b>Maghreb Leasing - Algeria</b>
	<b>Appui aux PME II – Algeria</b>
	<b>Modernisation Secteur Financier - Algeria</b>
I-3.5.4	<b>ALGERIA:</b>

	<p>See I-3.4.1</p> <p><b>Appui PME/PMI – Algeria:</b></p> <p>A factor that has hampered the timely implementation of the intervention was an initial lack of consideration of the Algerian business environment:</p> <p><i>« Le programme EDPME a eu un processus de développement marqué par des périodes de réflexions et de changements qui ont fait suite à des blocages et des retards de réalisation d'objectifs. Ceux-ci se sont avérés non réalistes par rapport au contexte algérien des PME et de leur environnement » (IBM evaluation report, p.14)</i></p> <p><b>Maghreb Leasing - Algeria</b></p> <p><b>Appui aux PME II – Algeria :</b></p> <p><b>The instrument itself (Devis-Programme) has been a factor of delay:</b></p> <p><i>« Le mode de fonctionnement et d'administration du programme est en effet trop bureaucratique et insuffisamment orienté vers les résultats. » (MR-115222.02)</i></p> <p>According to ROM reports, <b>other factors that have hampered</b> the respect of <b>planning</b> are:</p> <ul style="list-style-type: none"> <li>• <i>« Conditions matérielles très difficiles (pas de bureaux pour l'UAP)</i></li> <li>• <i>Difficulté de communication entre l'UAP et la DUE</i></li> <li>• <i>Différences de point de vue entre les ministères bénéficiaires</i></li> <li>• <i>Déficiences du contractant pour la fourniture d'expertise de court-terme » (MR-115222.02)</i></li> </ul> <p>A ROM emphasises the <b>shared responsibility of the Beneficiaries, of the Project Unit (Unité d'Appui au Projet –UAP) and of the EU Delegation:</b></p> <p><i>« [L]es activités du programme ont été jusqu'à aujourd'hui handicapées par des lourdeurs et contraintes administratives non nécessaires imposées au programme par le Bénéficiaire et la direction de l'UAP elle-même, ainsi que, dans certains cas par des délais d'approbation trop longs de la DUE. » (MR-115222.02)</i></p> <p><b>Modernisation Secteur Financier – Algeria:</b></p> <p>Besides the main factor highlighted under I-3.5.2, other problems were notably:</p> <ul style="list-style-type: none"> <li>• related to expertise (<i>“nombreux remplacements d'experts en cours de mission”</i>)</li> <li>• the twinning planned between banks (impossible when they are in competition) that had to be cancelled and replaced by TA (so design problem)</li> </ul>
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<b>EQ 4</b>	<b>To what extent did the Commission contribute to make the institutional and regulatory framework more conducive to PSD?</b>
<b>Other relevant information (not captured elsewhere)</b>	
<b>JC 4.1</b>	<b><i>The Commission support was geared to tackling the main institutional and regulatory obstacles to PSD</i></b>
<b>Findings at JC level</b>	<p>The signing of the AA requires the undertaking of reforms in the institutional and regulatory framework:</p> <p>La Commission a visé le cadre institutionnel et réglementaire notamment par rapport à l'harmonisation des réglementations requises par l'AA</p> <ul style="list-style-type: none"> <li>• Effort de simplification</li> <li>• Certains règlements existent mais c'est leur application qui fait défaut</li> </ul> <p>(MN740, MN 741, MN 742)</p> <p>« Il y a un diagnostic du dispositif réglementaire algérien qui a été fait par la Commission en partenariat avec le Ministère de tutelle pour améliorer le cadre réglementaire. » (MN742)</p> <p>Le manque de communication entre les différents ministères rend la tâche de l'amélioration du cadre institutionnel et réglementaire plus hardue (MN 760)</p>
<b>I-4.1.1</b>	Identification of the main obstacles to PSD in terms of macro-economic environment and institutional and regulatory framework in the country/region in official documents /studies (national strategies or other documents/studies), including both the domestic environment and obstacles to the integration in regional and world economies
<b>I-4.1.2</b>	Commission strategy and programming documents refer to the obstacles mentioned in I-4.1.1 and gear the support to the removal of these obstacles (or justify alternative approaches)
<b>I-4.1.3</b>	The private sector was consulted for determining the priorities for helping remove the main institutional and regulatory obstacles to PSD
<b>I-4.1.4</b>	Stakeholders, and in particular the private sector, consider that Commission support was geared towards priorities for helping remove the main institutional and regulatory obstacles to PSD
<b>I-4.1.5</b>	Number of technical and economic analyses/fora covering major strengths and weaknesses of the private sector in third countries conducted with Commission support or, in the case of pre-existing studies and fora, utilised by the Commission in developing PSD activities targeting regulatory and institutional frameworks.
<b>I-4.1.1</b>	<p><b>ALGERIA:</b></p> <p>The CSP 2007-2013 lists the main constraints to PS and some stem from the</p>

	<p>macro-economic environment and the regulatory framework:</p> <p><i>“The main constraints on private sector development are</i></p> <ul style="list-style-type: none"> <li><i>(i) a public sector which still controls much of the economic activity;</i></li> <li><i>(ii) difficult access to industrial land;</i></li> <li><i>(iii) financing difficulties;</i></li> <li><i>(iv) high administrative barriers;</i></li> <li><i>(v) limited access to information;</i></li> <li><i>(vi) inadequate labour regulation and the lack of a qualified workforce;</i></li> <li><i>(vii) inadequate infrastructure;</i></li> <li><i>(viii) inefficient legal and justice systems; and</i></li> <li><i>(ix) weak professional associations which are not always representative.” (p.20)</i></li> </ul> <p><b>Appui PME/PMI – Algeria:</b></p> <p><b>No such identification.</b> As mentioned above the objectives of the programme had to be revised after the signing of the FA precisely because it was not adapted to the realities of the country (<i>IBM evaluation report, p.7</i>).</p> <p>With respect to the third component of the programme on <i>“institutions de representation du patronat et celles des organismes d’appui”</i>, the final evaluation report points to:</p> <p><i>« Absence d’études préalables et de stratégies opérationnelles pour la de sélection des bénéficiaires (associations CCI et organismes d’appui) » (p.10)</i></p> <p><b>Maghreb Leasing – Algeria:</b></p> <p>This intervention aims at creating a new leasing company and was therefore not geared to strengthening the institutional and regulatory frameworks (not relevant for this EQ).</p> <p>Nevertheless, worth noting that <i>“The mounting importance of leasing led the Algerian authorities to improve the regulatory framework in this sector” (Operation Evaluations, p.3)</i></p> <p><b>Appui aux PME II – Algeria :</b></p> <p>Identification of these types of obstacles but in the programming documents (see indicator bellow) and <b>no evidence on the source of such assessment (national/strategic study or policy document on the subject?)</b>.</p> <p><b>Modernisation Secteur Financier – Algeria:</b></p> <p>No identification of the main obstacles to PSD in general but rather obstacles to PSD in the financial sector. But <b>even then no evidence in the programming document of a real assessment of these obstacles.</b></p>
I-4.1.2	<p><b>ALGERIA:</b></p> <p>Evidence that the constraints listed under I-4.1.1 were taken into account:</p> <ol style="list-style-type: none"> <li>1) in strategy (CSP 2007-2013): PSD related priority objectives are: <i>“economic diversification, development of conditions conducive to private investment, development of competitive companies (SMEs), development of education and training” (p.18)</i> and</li> <li>2) in programming (NIP): 2007- PME/PMI II (€40m): <i>“Sustainably improve business competitiveness: (i) direct support to SMEs; (ii) technical centres; (iii) quality system: standardisation, metrology and certification; (iv) information and communication technologies.”</i> 2008 — DIVERSIFICATION OF THE ECONOMY (€25m) <i>“In line with the implementation of the Association Agreement, to support</i></li> </ol>

	<p><i>diversification of the economy notably to continue reforms to the regulatory and institutional framework, to improve the investment climate”- EMPLOYMENT (€24m) “Improve information, mediation, monitoring and steering functions in the labour market through the modernisation of the national employment agency (ANEM), acting in liaison with other institutional actors, in particular the social partners: effective labour market information system, better statistics and forecasts, mediation between supply and demand, also at international level.” (p.25)</i></p> <p>The regulatory and institutional frameworks already a concern under the previous 2002-2006 programming period:</p> <p><i>« L’environnement économique doit être amélioré dans le cadre d’un accompagnement systématique de la mise en œuvre de l’accord d’association. Ceci implique en particulier l’adéquation du cadre réglementaire du marché intérieur avec celui de l’UE et le renforcement des institutions de l’administration publique concernées. » (p.23)</i></p> <p><b>Appui PME/PMI – Algeria:</b> See I-4.1.1 The programme was adapted: <i>« [L]’adaptation progressive aux réalités et évolutions du contexte du pays et l’intégration des données relatives aux nouveaux programmes du gouvernement algérien ont été très pertinentes. » (p.7)</i></p> <p><b>Maghreb Leasing - Algeria</b></p> <p><b>Appui aux PME II – Algeria :</b> The programming documents <b>list a series of obstacles</b> including related to the <b>macro-economic environment and institutional and regulatory framework</b> and the <b>support is geared to the removal of these obstacles</b>. For example, the lack of quality system preventing further integration into the world economy is tackled by the programme, or the strengthening of the institutional framework is also addressed in order to improve the environment for SMEs (see Specific Objectives in FA):</p> <p>OBSTACLES :</p> <p><i>« Les entreprises algériennes doivent faire face à plusieurs défis:</i></p> <ul style="list-style-type: none"> <li>• <i>la concurrence d’importations non contrôlées,</i></li> <li>• <i>un marché parallèle considérable (estimé à 40% de l’économie hors hydrocarbures),</i></li> <li>• <i>le manque de formation de la plupart des dirigeants,</i></li> <li>• <i>le manque de main d’œuvre qualifiée,</i></li> <li>• <i>un environnement insuffisamment favorable à l’entreprise, une faiblesse des institutions associatives professionnelles.</i></li> </ul> <p><i>De plus, les quelques entreprises algériennes qui pourraient exporter ne peuvent profiter pleinement de l’Accord d’Association avec l’UE en raison notamment de la place encore faible des organismes de contrôle, d’accréditation, de normalisation, indispensables pour que les produits algériens répondent aux exigences des marchés européens. » (Project Synopsis)</i></p> <p>RELEVANT SPECIFIC OBJECTIVES of the programme:</p> <p><i>« 2. Mettre en place une démarche "qualité-normalisation" dans les PME dans certaines filières</i></p>
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	<p><i>pilotes en appuyant les institutions concernées. »</i></p> <p>« 4. Assister les institutions et programmes impliqués dans la mise à niveau des PME. » (FA, p.19)</p>
	<p><b>Modernisation Secteur Financier – Algeria:</b></p> <p>See I-4.1.1</p>
<b>I-4.1.3</b>	<p><b>ALGERIA:</b></p> <p>No evidence of such consultation</p>
	<p><b>Appui PME/PMI – Algeria:</b></p> <p>No evidence of such consultation</p>
	<p><b>Maghreb Leasing - Algeria</b></p>
	<p><b>Appui aux PME II – Algeria :</b></p> <p>No evidence of such consultation</p>
	<p><b>Modernisation Secteur Financier – Algeria:</b></p> <p><b>No evidence that the private sector was consulted</b> which may explain in part why the programme lost sight of the PSD part of its overall objective:</p> <p>« <i>Promouvoir la compétitivité du secteur financier algérien et sa capacité à soutenir le développement des entreprises privées [...]</i> » (FA, p.16)</p>
<b>I-4.1.4</b>	<p><b>ALGERIA</b></p>
	<p><b>Appui PME/PMI - Algeria</b></p>
	<p><b>Maghreb Leasing - Algeria</b></p>
	<p><b>Appui aux PME II – Algeria</b></p>
	<p><b>Modernisation Secteur Financier - Algeria</b></p>
<b>I-4.1.5</b>	<p><b>ALGERIA:</b></p> <p>No evidence of such studies/fora</p>
	<p><b>Appui PME/PMI – Algeria:</b></p> <p>No evidence of such studies/fora</p>
	<p><b>Maghreb Leasing - Algeria</b></p>
	<p><b>Appui aux PME II – Algeria :</b></p> <p>No evidence of such studies/fora</p>
	<p><b>Modernisation Secteur Financier – Algeria:</b></p> <p>No evidence of such studies/fora</p>
<b>JC 4.2</b>	<p><b><i>The Commission has had strong policy dialogue on the institutional and regulatory frameworks</i></b></p>
<b>Findings at JC level</b>	
<b>I-4.2.1</b>	Number, level and depth of contacts with public authorities
<b>I-4.2.2</b>	Number, level and depth of contacts with other policy actors (e.g. business

	associations, non-state actors, IMF/WB, other donors)
I-4.2.3	Evidence exists of Commission leadership in or contribution to dialogue with policy actors
I-4.2.4	Evidence exists of Commission contribution to private-public dialogue
I-4.2.1	<p><b>ALGERIA:</b></p> <p>The CSP 2007-2013 informs that tackling the regulatory and institutional frameworks in order to “<i>improve the investment framework and climate</i>” are among the GoA’s priorities (p.3). But no evidence of a policy dialogue on these issues.</p> <p><b>Appui PME/PMI – Algeria:</b></p> <p>According to final evaluation report, evidence of alignment between national priorities and the programme in terms of regulatory and institutional frameworks <b>but not evidence that such alignment results from a strong policy dialogue:</b></p> <p>« <i>Aussi, et depuis 2001, le gouvernement a-t-il accéléré la mise en route des réformes structurelles des privatisations et la mise en oeuvre de programmes de dynamisation du secteur privé. Le processus de transition vers une économie de marché est ainsi poursuivi.</i> » (p.11)</p> <p>Furthermore, the final evaluation report notes <b>an initial lack of involvement of national institutions with respect to the design and implementation of the intervention. This was rectified later :</b></p> <p>« <i>Au niveau méso, les institutions algériennes n’ont pas été suffisamment impliquées dans l’identification, la sensibilisation, le démarchage, la sélection et le suivi des PME.</i> » (p.26)</p> <p>« <i>La création de l’ANDPME par les autorités algériennes et les actions de transfert et d’appui à cette institution par l’UGP sont une réponse pertinente à cette Insuffisance, bien que tardive.</i> » (see I-4.3.3)</p> <p><b>Maghreb Leasing - Algeria</b></p> <p><b>Appui aux PME II – Algeria :</b></p> <p>According to ROM reports, evidence of alignment between national priorities and the programme in terms of regulatory and institutional frameworks <b>but no evidence that such alignment results from a strong policy dialogue:</b></p> <p>« <i>Les trois ministères bénéficiaires adhèrent pleinement aux objectifs global et spécifiques du programme. Au plan institutionnel, ils ont la capacité d'absorption requise.</i> » ((MR-115222.01)</p> <p><b>Modernisation Secteur Financier – Algeria:</b></p> <p>According to <i>ex-post</i> ROM report, evidence of alignment between national policies and the programme in terms of regulatory and institutional frameworks <b>but no evidence that such alignment results from a strong policy dialogue:</b></p> <p>lutelles, marché financier, et temporairement un volet Ressources Humaines rendant le projet peu lisible. Le projet était clairement en cohérence et en soutien aux politiques de modernisation du secteur portées par le gouvernement partenaire, au moment où il fut conçu (démarrage, le 6 septembre 2001, présentation au Comité (MR-10166.04)</p>
I-4.2.2	<p><b>ALGERIA:</b></p> <p>Exchange with other sources of aid for PSD no evidence whether on the</p>

	<p>institutional and regulatory frameworks:  <i>“L'appui aux réformes clés de la transition économique et de la mise à niveau des entreprises recevra une attention particulière dans la coordination et complémentarité avec les Etats membres intervenant dans ce domaine (France, Allemagne, Italie). » (CSP 2002-2006, p.27)</i>            Under the following 2007-2013 period, Spain also became active in PSD.</p>
	<p><b>Appui PME/PMI – Algeria:</b>            No evidence</p>
	<p><b>Maghreb Leasing - Algeria</b></p>
	<p><b>Appui aux PME II – Algeria :</b>            No evidence</p>
	<p><b>Modernisation Secteur Financier – Algeria:</b>            No evidence</p>
I-4.2.3	<p><b>ALGERIA:</b>            No evidence</p>
	<p><b>Appui PME/PMI – Algeria:</b>            No evidence</p>
	<p><b>Maghreb Leasing - Algeria</b></p>
	<p><b>Appui aux PME II – Algeria :</b>            No evidence</p>
	<p><b>Modernisation Secteur Financier – Algeria:</b>            No evidence</p>
I-4.2.4	<p><b>ALGERIA:</b>            No evidence</p>
	<p><b>Appui PME/PMI – Algeria:</b>            No evidence</p>
	<p><b>Maghreb Leasing – Algeria</b></p>
	<p><b>Appui aux PME II – Algeria :</b>            No evidence</p>
	<p><b>Modernisation Secteur Financier – Algeria:</b>            No evidence</p>
<b>JC 4.3</b>	<b><i>The institutional and regulatory frameworks have been strengthened</i></b>
<b>Findings at JC level</b>	
<b>I-4.3.1</b>	Reports / stakeholders show that new laws and regulations have been issued and are enforced
<b>I-4.3.2</b>	Reports / stakeholders show that required institutions have been created or developed and are operational
<b>I-4.3.3</b>	Evidence exists of Commission role in strengthening of institutional and regulatory

	frameworks
I-4.3.4	Stakeholders consider that Commission interventions have maximised local government commitment by ensuring they are in line with the government's own agenda, consulting with relevant stakeholders and proposing reforms at the local or sub-national level.
I-4.3.1	<p><b>ALGERIA</b></p> <p>Par rapport à un appui I&amp;R de la Commission pour favoriser l'investissement, celui-ci est compliqué suite au changement de stratégie du GdA en 2008 (restrictions liées au souhait de ne plus avoir de dette extérieure) et à l'adoption de la "loi de finances complémentaire 2009" qui stipule que dans tous les investissements réalisés en Algérie, l'actionnariat étranger est limité à 49%, le reste étant détenu par des résidents algériens (MN 753, 756, 760)</p> <p><b>Appui PME/PMI - Algeria</b></p> <p><b>Maghreb Leasing - Algeria</b></p> <p><b>Appui aux PME II – Algeria</b></p> <p><b>Modernisation Secteur Financier – Algeria:</b></p> <p>The programme did have the <b>strengthening of the institutional and regulatory financial frameworks</b> as one of its specific objectives.</p> <p>BUT according to <i>ex-post</i> ROM report, the <b>impact</b> in this domain was <b>rather weak:</b></p> <p>« La Banque Centrale, Ministère des finances, Trésor public et les organismes nationaux des marchés financiers assumeront plus efficacement leur fonction de gouvernance, d'appui et de surveillance, et disposeront d'une réglementation mieux adaptée ». L'impact dans ce domaine reste très faible.</p>
I-4.3.2	<p><b>ALGERIA</b></p> <p><b>Appui PME/PMI - Algeria</b></p> <p><b>Maghreb Leasing - Algeria</b></p> <p><b>Appui aux PME II – Algeria</b></p> <p><b>Modernisation Secteur Financier – Algeria:</b></p> <p>See I-4.3.1</p>
I-4.3.3	<p><b>ALGERIA:</b></p> <p>L'appui institutionnel auprès des différents ministères (finances, travaux publics) a permis certaines améliorations dans la collecte d'informations même si les données statistiques du secteur privé demeurent un défi. (MN 746, MN 753)</p> <p><b>Appui PME/PMI – Algeria:</b></p> <p>The GoA has created the National Agency for the Development of SMEs (ANDPME) to implement its National Programme to improve SMEs' competitiveness. According to the final evaluation report, <b>the intervention has</b></p>

	<p><b>relevantly contributed to the strengthening of this institution:</b></p> <p>« L'appui développé au Ministère de la PME puis à l'ANDPME dès sa création a été très pertinent du fait de la position centrale du MPMEA et de la nouvelle institution qu'il a créée dans le dispositif d'accompagnement à la mise à niveau du secteur privé de l'industrie algérienne. » (p.62)</p> <p>« L'année 2008, a été l'année du transfert du savoir faire et des méthodologies aux cadres de l'ANDPME chargés du démarrage du Programme National de Mise à Niveau, par certains ex- experts permanents de EDPME. » (p.68)</p>
	<p><b>Maghreb Leasing - Algeria</b></p>
	<p><b>Appui aux PME II – Algeria :</b></p> <p>Despite the efforts made under PME/PMI, <b>the ANDPME is not operational according to the lessons learned of the FA</b> (p.18):</p> <p><b>l'absence, ou le caractère non opérationnel, à ce jour, de certaines des institutions à soutenir : l'Agence Nationale de Développement des PME (ANDPME), les centres</b></p> <p>The follow-up programme is still to support this institution.</p> <p>But a ROM report confirms <b>institution still not operational :</b></p> <p>« En revanche, l'Agence de Développement des PME, créée par le gouvernement pour aider les PME dans leur développement, et destinataire d'une partie de l'appui institutionnel du programme, n'est pas opérationnelle à ce jour. Il est question de doter l'ADPME du statut d'Etablissement Public Industriel et Commercial (EPIC), ce qui permettrait d'offrir des conditions de rémunération compétitives. Dotée de moyens humains adéquats l'ADPME pourrait être un véhicule essentiel dans la transmission de l'expertise technique en direction des PME, et dans la pérennisation des activités et résultats attendus du programme. » (MR-115222.02)</p>
	<p><b>Modernisation Secteur Financier – Algeria:</b></p> <p>See I-4.3.1</p>
<b>I-4.3.4</b>	<p><b>ALGERIA</b></p>
	<p><b>Appui PME/PMI - Algeria</b></p>
	<p><b>Maghreb Leasing - Algeria</b></p>
	<p><b>Appui aux PME II – Algeria</b></p>
	<p><b>Modernisation Secteur Financier - Algeria</b></p>
<b>JC 4.4</b>	<p><b>The strengthening of the institutional and regulatory framework has contributed to the creation, better functioning and growth of enterprises</b></p>
<b>Findings at JC level</b>	
<b>I-4.4.1</b>	<p>Evidence that enterprises have benefited from an improved framework and environment</p>
<b>I-4.4.1</b>	<p><b>ALGERIA:</b></p> <p>No evidence</p>

	<p><b>Appui PME/PMI – Algeria:</b></p> <p>The intervention has allowed to improve the regulatory framework notably with a law on traçability that can be directly attributed to the Project according to a professional association of SMEs in the drinking sector:</p> <p><i>« Grâce à PME II nous avons créé un manuel de traçabilité. Nous avons plaidé pour que la traçabilité soit importante et le respect de la qualité. Et maintenant, il y a un texte de loi qui va dans ce sens. »</i></p> <p>This has had a double positive impact on SMEs : to increase their competitiveness and to help fight the informal sector that is really a problem in Algeria.</p>
	<p><b>Maghreb Leasing - Algeria</b></p>
	<p><b>Appui aux PME II – Algeria :</b></p> <p>No evidence</p>
	<p><b>Modernisation Secteur Financier – Algeria:</b></p> <p>Enterprises have <b>precisely not benefited from an improved banking environment according to <i>ex-post</i> ROM report:</b></p> <p>Le projet a apporté sa contribution à l'Objectif général en démontrant par l'action que la transformation et la modernisation du secteur bancaire étaient possibles. Il n'a toutefois pas trouvé de solutions à l'inadaptation du cadre juridique du secteur bancaire ni permis une véritable transformation de l'épargne collectée en crédits puisqu'elle est soit absorbée par les titres d'Etat à court terme, soit alloués sous forme de crédits à des entreprises publiques réputées mauvaises payeuses. Par conséquent, le secteur privé se trouve évincé puisque l'essentiel des fonds est alloué au secteur public. En témoigne le rapport des crédits bancaires domestiques (ceux alloués au privé) au PIB qui est seulement de 26%, alors que ce même rapport atteint 76% pour le Maroc et 78% pour la Tunisie. Le projet n'a pas modifié la culture crédit du secteur bancaire.</p>

EQ 5	To what extent did the Commission contribute to improve access to finance by enterprises?
<b>Other relevant information (not captured elsewhere)</b>	Difficulté du contexte financier algérien: 84% de banques publiques avec des conditions de crédit pas attractives. En outre du manque d'intérêt des banques à octroyer des crédits, le manque de confiance entre elles et le secteur privé persiste. 70% de la création des TPME se fait par l'autofinancement. (MN 760, MN 755)
<b>JC 5.1</b>	<i>The Commission's support was informed by an analysis of the country/region's main constraints in terms of access to finance for enterprises (whether they were primarily on the demand or on the supply side or both)</i>
<b>Findings at JC level</b>	
<b>I-5.1.1</b>	Existence of documented analysis of the countries'/regions main constraints in terms of access to finance (demand and supply side)
<b>I-5.1.2</b>	In its strategy/programming documents the Commission refers to these analyses
<b>I-5.1.3</b>	Stakeholders, in particular from the private sector, consider that the constraints identified are the right ones
<b>I-5.1.3</b>	The Commission support was geared towards tackling the constraints identified in these analyses
<b>I-5.1.5</b>	Number of Commission interventions in the area of access to finance that have been conducted in cooperation with other financial institutions
<b>I-5.1.1</b>	<p><b>ALGERIA:</b> No evidence of a documented analysis but as mentioned under I-5.1.2 constraints mentioned in CSPs/</p> <p>La visite de terrain a permis de noter que la Commission est au fait des difficultés rencontrées par les PME algériennes en termes d'accès au financement et sur la nécessité de moderniser le secteur financier (banques publiques peu performantes)</p> <ul style="list-style-type: none"> <li>• Elaboration d'un programme dont le but était précisément de moderniser le secteur financier</li> </ul> <p>(MN 740, MN 743)</p> <p><b>Appui PME/PMI – Algeria:</b> No evidence of a documented analysis in the programming documents</p> <p><b>Maghreb Leasing – Algeria:</b> No evidence of a documented analysis in the programming documents</p> <p><b>Appui aux PME II – Algeria :</b> No evidence of a documented analysis in the programming documents</p> <p><b>Modernisation Secteur Financier – Algeria:</b></p>

	<p><b>No evidence of a documented analysis</b> in the programming documents. The programme targets the supply side but even then no analysis only mention of a “need for modernisation” of the financial sector.</p>
<p><b>I-5.1.2</b></p>	<p><b>ALGERIA:</b></p> <p>Both CSPs refer to the financial sector as a constraint to PSD:</p> <p><i>« Le secteur financier a été recapitalisé plusieurs fois depuis 1991, mais reste dominé par des banques publiques. Son inefficacité, le manque de concurrence et la pratique d'octroi de crédit à des entreprises publiques déficitaires présentent des éléments de blocage pour le développement des entreprises productives privées. » (p.10)</i></p> <p>“Financing difficulties” is one of the nine constraints to PSD listed in the CSP 2007-2013 (see I-4.1.1)</p> <p>The difficult access to finance is further described:</p> <p><i>“Although the share of credit allocated to the private sector has recently risen to more than 60%, access to credit is still difficult for businesses, especially SMEs. Waiting times are long and the grant conditions, guarantees required and opaque financial management procedures exclude most of them de facto from the credit market. Alternative financing instruments for SMEs are non-existent or still relatively undeveloped.” (p.10)</i></p> <p><b>Appui PME/PMI – Algeria:</b></p> <p>One of the three components of the programme is to facilitate access to finance by SMEs. The final evaluation report informs precisely that the objectives of this component had to be revised because they did not take into consideration the constraints in the country and of SMEs in terms of access to finance</p> <p><i>« Il faut souligner que l'approche à la facilitation de l'accès au crédit, à l'origine du Programme, avait été formulée dans des objectifs et des actions qui ne correspondaient pas ni aux conditions de l'Algérie de l'époque ni aux besoins des PME/PMI. Seulement grâce à L'Avenant 1 il a été possible de redresser cette approche et de permettre à l'UGP EDPME de travailler à la réalisation de mesures plus pertinentes et faisables. » (p.46)</i></p> <p><b>Maghreb Leasing - Algeria</b></p> <p><b>Appui aux PME II – Algeria :</b></p> <p>This follow-up programme <b>no longer has a Component on access to finance</b> (replaced by a Component on the establishment of a quality system <b>in light of the need assessment made in the programming document</b>).</p> <p>There is still however an activity on access to finance under Component I “<i>Appui direct aux PME sous forme d'action pilote</i>” (FA, p.20):</p> <p><b>Faciliter l'accès des PME au financement par l'appui à la préparation de dossiers de demande de prêts ou de garanties bancaires (notamment auprès du Fonds de Garantie FGAR appuyé dans le cadre du programme PME I);</b></p> <p><b>Modernisation Secteur Financier – Algeria:</b></p> <p>The programming and monitoring documents inform that the programme <b>had to be revised</b> (notably because it had too many beneficiaries and because some activities like twining between European and Algerian banks could not be implemented), it is legitimate to question whether <b>a documented analysis of the Algerian banking system and its role towards the development of private</b></p>



	<b>enterprises would have avoided these problems and the need to adapt the programme.</b>
<b>I-5.1.3</b>	<b>ALGERIA</b>
	<b>Appui PME/PMI - Algeria</b>
	<b>Maghreb Leasing - Algeria</b>
	<b>Appui aux PME II – Algeria</b>
	<b>Modernisation Secteur Financier - Algeria</b>
<b>I-5.1.4</b>	<b>ALGERIA:</b> The constraints listed under I-5.1.2 are taken into consideration in the definition of the medium-term challenge and priorities of the cooperation:  <i>«En parallèle, le secteur financier doit être modernisé et davantage ouvert au capital privé. » (CSP 2002-2006, p.13)</i>  <i>“[R]educe state intervention in sectors where the private sector could take over much more effectively: land and credit markets;” in order to create a business environment conducive to the development of productive activities (esp. private investment). (p.12)</i>
	<b>Appui PME/PMI – Algeria:</b> As mentioned in I-5.1.4 Commission’s support had to be reoriented in this domain of access to finance. The first addendum to the FA informs in this respect:  <i>“[L]a mise en œuvre du Programme a fait ressortir des difficultés dues essentiellement à des hypothèses de travail non vérifiées, des activités trop dispersées et un contexte qui a largement évolué. » (Avenant n°1, du 28 octobre 2003 à la CF, Préambule)</i>
	<b>Maghreb Leasing - Algeria</b>
	<b>Appui aux PME II – Algeria :</b> As mentioned in I-4.1.2, the programming documents (Project Synopsis, FA) list a series of constraints <b>but access to finance is not specifically described as an obstacle</b> (only reference to “ <i>an environment insuffisamment favorable à l’entreprise</i> ”). This may explain the <b>revision of targets</b> (establish a quality system) described under I-5.1.2
	<b>Modernisation Secteur Financier – Algeria:</b> See I-5.1.2
<b>I-5.1.5</b>	<b>ALGERIA:</b> Actual number of interventions not clear but cooperation with the EIB:  <i>« Les capitaux à risque de la BEI rencontrent des difficultés d'absorption en raison du manque de familiarité du secteur financier algérien avec cet instrument. L'assistance technique des projets PME et/ou Modernisation du secteur financier pourra corriger cette insuffisance. » (CSP 2002-2006, p. 16)</i>

	<p>Also contribution of the Commission to the EIB's FEMIP (Facility for Euro-Mediterranean Investment and Partnership (October 2002):</p> <p><i>“At the end of 2003, it was decided to reinforce the FEMIP, by adding new financial instruments and changing some organisational features in order to increase activities aimed at the private sector and cooperation with Partner Countries.</i></p> <p><i>Under FEMIP the annual volume of EIB lending in all partner countries will gradually increase from €1.4 to €2 billion. These resources are to support a much-broadened activity range, with priority going to private sector development.” (NIP 2005-2006, p.9)</i></p>
	<b>Appui PME/PMI - Algeria</b>
	<p><b>Maghreb Leasing – Algeria:</b></p> <p>This intervention that improve access to finance for SMEs by creating a leasing company <b>has been conducted in cooperation with other financial institutions:</b></p> <p>The FEMIP funds are channelled through the EIB and EU MS development agencies have also joined in this action with the IFC. Private banks European and Algerian have also provided credit in the framework of this intervention.</p>
	<b>Appui aux PME II – Algeria</b>
	<b>Modernisation Secteur Financier - Algeria</b>
<b>JC 5.2</b>	<b><i>At the macro-level, the Commission has addressed the constraints in the business environment for larger enterprises and MSMEs to develop</i></b>
<b>Findings at JC level</b>	
<b>I-5.2.1</b>	Steps were taken to facilitate the creation of formal enterprises, through accessible procedures of registration
<b>I-5.2.2</b>	The Commission has supported the regulatory environment of financial intermediaries to facilitate their lending to, and/or investment in, MSMEs
<b>I-5.2.1</b>	<p><b>ALGERIA:</b> No evidence</p>
	<p><b>Appui PME/PMI – Algeria:</b> No evidence</p>
	<p><b>Maghreb Leasing – Algeria:</b> Such steps were not foreseen in the context of this intervention which mainly consisted in creating a leasing company.</p>
	<p><b>Appui aux PME II – Algeria :</b> No evidence</p>
	<b>Modernisation Secteur Financier – Algeria:</b>
<b>I-5.2.2</b>	<p><b>ALGERIA:</b> No evidence</p>
	<p><b>Appui PME/PMI – Algeria:</b> The intervention has introduced the concept of <i>“garantie financière des crédits aux PME/PMI”</i> in the Algerian banking system and this has</p>

	<p>facilitated SMEs' access to finance. The final evaluation report notes in this respect:</p> <p>« On note que, grâce aux actions EDPME [name of the programme], la situation existante au démarrage du programme où il n'y avait aucune forme de garantie financière aux PME/PMI a positivement changé. De fait, à la fin du programme, deux Organismes de Garantie (le FGAR et la Caisse) sont en activité et ont de bonnes possibilités de se développer dans le futur. » (p.9)</p>
	<p><b>Maghreb Leasing – Algeria:</b></p> <p>The Commission has not supported the regulatory environment but the evaluation of the intervention informs:</p> <p>“The mounting importance of leasing led the Algerian authorities to improve the regulatory framework in this sector.” (p.3)</p>
	<p><b>Appui aux PME II – Algeria :</b></p> <p>No new development in this respect. The activity on access to finance described under I-5.1.2 only <b>consolidates what had been achieved under PME/PMI I.</b></p>
	<p><b>Modernisation Secteur Financier – Algeria:</b></p> <p>This should have been a result of the programme but as mentioned earlier <b>the programme lost sight of the PSD part of its overall objective and it did not facilitate lending to MSMEs, according to ex-post ROM report:</b></p> <p>Le projet a apporté sa contribution à l'objectif général en démontrant par l'action que la transformation et la modernisation du secteur bancaire étaient possibles. Il n'a toutefois pas trouvé de solutions à l'inadaptation du cadre juridique du secteur bancaire ni permis une véritable transformation de l'épargne collectée en crédits puisqu'elle est soit absorbée par les titres d'Etat à court terme, soit alloués sous forme de crédits à des entreprises publiques réputées mauvaises payeuses. Par conséquent, le secteur privé se trouve évincé puisque l'essentiel des fonds est alloué au secteur public. En témoigne le rapport des crédits bancaires domestiques (ceux alloués au privé) au PIB qui est seulement de 26%, alors que ce même rapport atteint 76% pour le Maroc et 78% pour la Tunisie. Le projet n'a pas modifié la culture crédit du secteur bancaire.</p>
<b>JC 5.3</b>	<b>Support targeted enterprises that were facing difficulties in obtaining financial products and services</b>
<b>Findings at JC level</b>	
<b>I-5.3.1</b>	The Commission had a specific approach to identify those enterprises that were facing difficulties in obtaining loan and investment funding
<b>I-5.3.2</b>	The Commission identified the specific constraints these enterprises were facing
<b>I-5.3.3</b>	The Commission support was geared to these enterprises and aimed at tackling their specific constraints, including specifically for MSMEs (core constraints of lack of capitalisation and lack of collateral)
<b>I-5.3.1</b>	<p><b>ALGERIA:</b></p> <p>No evidence of such specific approach</p>
	<p><b>Appui PME/PMI – Algeria:</b></p> <p>No evidence of such specific approach</p>
	<p><b>Maghreb Leasing – Algeria:</b></p> <p>No evidence of such specific approach only mention that SMEs are targeted according to the priorities stated in the “Reinforced FEMIP”</p>
	<b>Appui aux PME II – Algeria</b>

	<p>No evidence of such specific approach but again access to finance no longer a Component of the programme. With respect to the activity on access to finance, the <b>enterprises that will benefit from this support will be those that have already benefitted from the first EDPME programme or those involved in the “programmes nationaux de mise à niveau” (FA, p.20)</b></p>
	<p><b>Modernisation Secteur Financier – Algeria:</b></p> <p>Even though the programme did target the supply side, <b>it could have consulted private enterprises on their constraints in obtaining loan but this was not done.</b></p>
I-5.3.2	<p><b>ALGERIA:</b></p> <p>No evidence</p>
	<p><b>Appui PME/PMI – Algeria:</b></p> <p>Yet the final evaluation report informs that the target group of SMEs was relevantly chosen as they are the ones having constraints in terms of access to finance:</p> <p><i>« Comparées aux micros entreprises informelles qui peuvent bénéficier d’initiatives multiples dans le domaine de la micro finance et des ressources hors des circuits formels, et aux grands groupes qui sécurisent leurs financements par des relations déjà établies, le groupe cible du Programme, les PME, est particulièrement pénalisé par le peu de mécanismes d’appui et de financement adaptés à leurs activités. » (p.14)</i></p>
	<p><b>Maghreb Leasing – Algeria:</b></p> <p>Only mention that SMEs face constraints in terms of access to finance:</p> <p><i>“The creation of MLA improves the financial sector in Algeria by developing a segment that was little developed although potentially very useful to give SMEs access to capital for investment. Indeed, leasing companies can offer cheaper alternative to procure required equipment, since direct acquisition is often not feasible due to the limited own or debt resources of the SMEs. This is reinforced by the fact that these often cannot be obtained from a banking sector that remains very conservative and requiring strong collaterals.” (Operations evaluation, p.3)</i></p>
	<p><b>Appui aux PME II – Algeria</b></p>
	<p><b>Modernisation Secteur Financier – Algeria:</b></p>
I-5.3.3	<p><b>ALGERIA:</b></p> <p>No evidence</p>
	<p><b>Appui PME/PMI – Algeria:</b></p> <p>The mechanism of “<i>garantie financière des crédits aux PME/PMI</i>” created by the programme tackled this constraint according to the final evaluation report :</p> <p><i>« Les résultats qualitatifs sont, en général, positifs. Ils portent notamment sur la promotion du concept de garantie financière des crédits aux PME/PMI dans le milieu bancaire et sur son acceptation et utilisation effective par les banques et les entreprises. » (p.9)</i></p>
	<p><b>Maghreb Leasing – Algeria:</b></p> <p>See I-5.3.2</p>
	<p><b>Appui aux PME II – Algeria</b></p>
	<p><b>Modernisation Secteur Financier - Algeria</b></p>

<b>JC 5.4</b>	<b><i>At the meso-level, the Commission has supported the intermediary organisations supporting enterprises (large and MSMEs)</i></b>
<b>Findings at JC level</b>	
<b>I-5.4.1</b>	Stakeholders consider that the Commission has selected those private sector representative organisations that have a real impact
<b>I-5.4.2</b>	Intermediary Organisations supported by the Commission have, during the period of support, implemented activities designed to increase capacity of private sector enterprises to obtain funding from bank or non-banking institutions
<b>I-5.4.1</b>	<p><b>ALGERIA:</b> No evidence</p> <p><b>Appui PME/PMI - Algeria</b></p> <p><b>Maghreb Leasing - Algeria</b></p> <p><b>Appui aux PME II – Algeria</b></p> <p><b>Modernisation Secteur Financier - Algeria</b></p>
<b>I-5.4.2</b>	<p><b>ALGERIA:</b> No evidence</p> <p><b>Appui PME/PMI - Algeria</b></p> <p><b>Maghreb Leasing – Algeria:</b></p> <p><b>Appui aux PME II – Algeria :</b></p> <p><b>Modernisation Secteur Financier – Algeria:</b> As mentioned earlier the capacity of private enterprises to obtain funding from banks was not increased (see I-5.2.2).</p>
<b>JC 5.5</b>	<b><i>The ability of enterprises to obtain financial products and services has been strengthened</i></b>
<b>Findings at JC level</b>	<p>La Commission a renforcé la capacité des institutions financières à mobiliser des financements (garanties bancaires) mais ceci n'a pas amélioré la capacité des entreprises à obtenir des financements</p> <ul style="list-style-type: none"> <li>• Exemple de la CGCI pas suffisamment suscitée par les PME</li> <li>• Programme de Modernisation du Secteur Financier qui n'a pas réussi à changer l'approche crédit des banques publiques</li> </ul> <p>(MN 740, MN 743)</p>
<b>I-5.5.1</b>	Improvements in enterprises' capacities to submit bankable dossiers and evidence provided in this respect
<b>I-5.5.2</b>	Improvements in enterprises' accounting practices and evidence provided in this respect
<b>I-5.5.3</b>	Improvements in dealing with enterprises' lack of capitalisation (e.g. through seed money, venture capital) and lack of collateral (e.g. guarantee schemes) and

	evidence provided in this respect
I-5.5.1	<b>ALGERIA:</b> No evidence
	<b>Appui PME/PMI – Algeria:</b> Enterprises have received assistance to increase their capacities to submit dossiers for credit. The final evaluation report gives a positive qualitative appraisal of this activity:  <i>« [O]n constate une appréciation positive des actions organisées sous le Volet II qui s'est caractérisé par certaines mesures qui sûrement auront un impact positif aussi à moyen et probablement à long terme. C'est ici les cas de toute l'activité de sensibilisation et de formation des banques autour du mécanisme de garantie et de l'assistance directe aux PME/PMI dans la préparation des ETEF (Etudes-Technico-Economiques et Financières). » (p.50)</i>
	<b>Maghreb Leasing - Algeria</b>
	<b>Appui aux PME II – Algeria :</b> As mentioned under I-5.1.2, <b>the one activity left on access to finance is precisely this one on increasing enterprises' capacity to submit bankable dossiers.</b> The ROM exercise <b>does not mention the results</b> of this specific activity, the Component " <i>Appui Direct aux PME</i> " to which it belongs, however, is criticised because of a lack of results at the time of the monitoring (see I-6.1.5)
	<b>Modernisation Secteur Financier – Algeria:</b> As mentioned earlier the programme focused on the supply side.
I-5.5.2	<b>ALGERIA:</b> No evidence
	<b>Appui PME/PMI – Algeria:</b> Also positive qualitative appraisal in terms of accounting practices of enterprises:  <i>« [L]e succès du Volet II a consisté à « obliger » les entrepreneurs, à travers 50 l'élaboration des ETEF, à considérer sous une prospective nouvelle et plus appropriée toute la complexité des enjeux liés aux choix d'investissements et à mieux comprendre l'importance de baser leurs relations avec leur banque sur des principes de transparence. » (pp. 49-50)</i>
	<b>Maghreb Leasing - Algeria</b>
	<b>Appui aux PME II – Algeria</b>
	<b>Modernisation Secteur Financier - Algeria</b>
I-5.5.3	<b>ALGERIA:</b> No evidence
	<b>Appui PME/PMI – Algeria:</b> According to final evaluation report, not a quantitative improvement but a qualitative improvement (see indicators above). Important evolution of the Algerian banking system <i>vis-à-vis</i> the SMEs:

	<p>« La contribution du Volet II à l'efficacité de l'ensemble du Programme a consisté notamment dans la facilitation d'un processus de meilleure compréhension de la part du système bancaire et financière algérien de l'importance des PME/PMI en tant que secteur créateur de richesse et d'emploi et, donc, d'un secteur qui mérite une attention particulière aussi en terme de clientèle bancaire potentielle ayant des caractéristiques intéressantes que, jusqu'à aujourd'hui, ont eu une considération seulement partielle. » (p.49)</p>
	<p><b>Maghreb Leasing – Algeria:</b> The ability of banks to obtain loan has been strengthened with the creation of this leasing company. See I-5.3.2</p>
	<p><b>Appui aux PME II – Algeria</b></p>
	<p><b>Modernisation Secteur Financier - Algeria</b></p>
<b>JC 5.6</b>	<p><b><i>Supported financial institutions have improved their ability to mobilise funding and/or act as intermediaries</i></b></p>
<b>Findings at JC level</b>	
<b>I-5.6.1</b>	Commission strategy and programming documents foresee support for the mobilisation of private funding sources including private savings
<b>I-5.6.2</b>	Commission strategy and programming documents foresee support for more efficient financial markets
<b>I-5.6.3</b>	Central Bank monitoring data show an increase and diversification of private funding sources including private savings
<b>I-5.6.4</b>	Stakeholders consider there is a linkage between the observed evolutions in funding mobilisation and the Commission's support
<b>I-5.6.5</b>	Local financial institutions have improved their mobilisation and intermediation to effectively channel resources and adapt financial services/products to the needs of local enterprises and notably of MSMEs
<b>I-5.6.1</b>	<p><b>ALGERIA:</b> No evidence</p> <p><b>Appui PME/PMI – Algeria:</b> The intervention has sought to support the mobilisation of private funding sources through the creation of financial institutions giving financial guarantees for SMEs. The final evaluation report notes in this respect :</p> <p>« Il est à noter que l'assistance technique du Volet II au FGAR [Fond de Garantie] n'a pas seulement aidé cet Organisme à être plus performant, mais, plus en général, a aussi dynamisé le « secteur des garantie aux PME/PMI » en Algérie. En fait, bien que l'idée de la garantie financière a eu pas mal de difficultés à s'affirmer et que le Volet II a dû faire beaucoup d'efforts pour atteindre ce résultat, à la fin du programme on peut constater avec satisfaction que, par rapport à la situation de « vide » initial, aujourd'hui en Algérie il y a deux Fonds de Garantie pour les PME/PMI » (p.50)</p>
	<p><b>Maghreb Leasing – Algeria:</b> The evaluation report mentions a new activity to be undertaken by the project to</p>

	<p>attract private savings but no info on what has been achieved:  <i>“The projected launch of a bond issue on the local capital market will be a first experience and a determinant step into the development of a capital market capable of attracting local savings for financing SMEs.” (p.3)</i></p>
	<p><b>Appui aux PME II – Algeria</b></p>
	<p><b>Modernisation Secteur Financier – Algeria:</b>  As mentioned under I-5.2.2, <b>no mobilisation of private funding sources including private savings:</b>  <i>“ [L]’ épargne collectée est soit absorbée par les titres d’Etat à court terme, soit alloués sous forme de crédits à des entreprises publiques réputées mauvaises payeuses. » (MR-10166.04)</i></p>
I-5.6.2	<p><b>ALGERIA:</b>  No evidence</p>
	<p><b>Appui PME/PMI – Algeria:</b>  The action described under I-.5.6.1 has contributed to a more efficient financial market in Algeria when it comes to offering financial warranties to SMEs.</p>
	<p><b>Maghreb Leasing – Algeria:</b>  The intervention has created a leasing company (MLA) and has contributed in this way to strengthen an area of the financial sector. According to evaluation report:  <i>“MLA approved 422 leasing operations amounting €35m and achieved a market share of 26% in the leasing sector in Algeria (2<sup>nd</sup> largest operator). So far the rate of recovery of loans provided by MLA is close to 100%”</i> It must be noted that private Algerian Banks also provided credits as a result of this intervention.</p>
	<p><b>Appui aux PME II – Algeria</b></p>
	<p><b>Modernisation Secteur Financier – Algeria:</b>  More efficient financial market was an initial objective of the programme before it was revised and concentrated on public banks and insurance companies.</p>
I-5.6.3	<p><b>ALGERIA:</b>  No evidence</p>
	<p><b>Appui PME/PMI – Algeria:</b>  No evidence</p>
	<p><b>Maghreb Leasing - Algeria</b></p>
	<p><b>Appui aux PME II – Algeria</b></p>
	<p><b>Modernisation Secteur Financier - Algeria</b></p>
I-5.6.4	<p><b>ALGERIA</b></p>
	<p><b>Appui PME/PMI - Algeria</b></p>
	<p><b>Maghreb Leasing - Algeria</b></p>
	<p><b>Appui aux PME II – Algeria</b></p>
	<p><b>Modernisation Secteur Financier – Algeria:</b>  Comparative small percentage (in relation to other countries of the region) of credits allocated to private sector in relation to Gross Domestic Product ( see data</p>



	under I-5.2.2)
<b>I-5.6.5</b>	<p><b>ALGERIA:</b> CSP 2007-2013 notes that local financial institutions have granted more credits to private sector but no link established with Commission's interventions and still difficult access to finance for SMEs:</p> <p><i>"Although the share of credit allocated to the private sector has recently risen to more than 60%, access to credit is still difficult for businesses, especially SMEs. Waiting times are long and the grant conditions, guarantees required and opaque financial management procedures exclude most of them de facto from the credit market."</i> (p.10)</p> <p><b>Appui PME/PMI – Algeria:</b> See I-5.6.1</p> <p><b>Maghreb Leasing – Algeria:</b> Local financial institutions have improved their mobilisation and intermediation. First the leasing company created by the project but also the Algerian private banks that have joined the action and also provided credit. Interesting to note that MLA also engaged in negotiations with public banks <i>"but no deal could be concluded with these institutions."</i> (Operations evaluation, p. 2)</p> <p><b>Appui aux PME II – Algeria</b></p> <p><b>Modernisation Secteur Financier – Algeria:</b> According to ROM exercise <b>this did not happen.</b></p>
<b>JC 5.7</b>	<b><i>Among MSMEs, the Commission has addressed the constraints of micro-enterprises</i></b>
<b>Findings at JC level</b>	
<b>I-5.7.1</b>	The Commission has analysed the specific problems of micro-enterprises in countries of intervention
<b>I-5.7.2</b>	The Commission has addressed the capacity problems of micro-enterprises in terms of submitting bankable financing requests to financial intermediaries
<b>I-5.7.3</b>	The Commission has addressed the capacity problems of micro-enterprises in terms of management capacity, accounting, and transparency
<b>I-5.7.4</b>	Evidence that MSMEs have improved their access to finance and role of the Commission support in this respect
<b>I-5.7.1</b>	<p><b>ALGERIA:</b> No evidence</p> <p><b>Appui PME/PMI – Algeria:</b> Micro-enterprises were not the target group for this component of the project on access to finance. See I-5.3.2</p> <p><b>Maghreb Leasing – Algeria:</b> No evidence that Micro enterprises were also targeted by the intervention</p> <p><b>Appui aux PME II – Algeria</b></p>

	<p><b>Modernisation Secteur Financier – Algeria:</b> No the Commission targeted the supply side with this programme.</p>
<b>I-5.7.2</b>	<p><b>ALGERIA:</b> No evidence</p>
	<p><b>Appui PME/PMI - Algeria</b></p>
	<p><b>Maghreb Leasing - Algeria</b></p>
	<p><b>Appui aux PME II – Algeria :</b> Even though the programme aimed at supporting the submission of bankable dossiers, micro-enterprises were not targeted in Algeria (See I-5.3.2)</p>
	<p><b>Modernisation Secteur Financier - Algeria</b></p>
<b>I-5.7.3</b>	<p><b>ALGERIA:</b> No evidence</p>
	<p><b>Appui PME/PMI - Algeria</b></p>
	<p><b>Maghreb Leasing - Algeria</b></p>
	<p><b>Appui aux PME II – Algeria</b></p>
	<p><b>Modernisation Secteur Financier - Algeria</b></p>
<b>I-5.7.4</b>	<p><b>ALGERIA:</b> See I-5.6.5</p>
	<p><b>Appui PME/PMI - Algeria</b></p>
	<p><b>Maghreb Leasing - Algeria</b></p>
	<p><b>Appui aux PME II – Algeria</b></p>
	<p><b>Modernisation Secteur Financier - Algeria</b></p>

<b>EQ 6</b>	<b>To what extent did the Commission contribute to a better ability of enterprises, in particular SMEs, to compete and to access technology and new markets?</b>
<b>Other relevant information (not captured elsewhere)</b>	
<b>JC 6.1</b>	<b><i>The Commission's support to enterprise competitiveness was targeted on the basis of an analysis of the main shortcomings of enterprises in terms of competitiveness</i></b>
<b>Findings at JC level</b>	
<b>I-6.1.1</b>	Existence of documented analysis of the main shortcomings of enterprises in terms of competitiveness, including forward studies and surveys of key sectors or subsectors in regions/countries concerned
<b>I-6.1.2</b>	In its strategy/programming documents the Commission refers to these analyses
<b>I-6.1.3</b>	Stakeholders, in particular from the private sector, consider that the shortcomings identified are the right ones
<b>I-6.1.4</b>	The Commission support was geared towards tackling the shortcomings identified in these analyses
<b>I-6.1.5</b>	A critical mass of enterprises facing competitiveness problems (grouped by sector, or by potential exporting enterprises) has been targeted
<b>I-6.1.6</b>	PSD programming in the area of BDS and non-financial service provision has targeted sustainable reinforcement of the structures and functioning of local markets (as per Recommendation RI-2 of the 2005 Evaluation)
<b>I-6.1.7</b>	Number of BDS interventions aimed at reinforcing local BDS markets versus the number of interventions providing direct BDS services
<b>I-6.1.1</b>	<p><b>ALGERIA:</b></p> <p>No evidence of a documented analysis but as mentioned under I-6.1.2 challenges in terms of competitiveness mentioned in CSP 2007-2013.</p> <p>La Commission est consciente de ces différentes contraintes décrites dans ses documents de stratégie et projets</p> <ul style="list-style-type: none"> <li>• Les programmes PME I et PME II visaient essentiellement à l'amélioration de la compétitivité des entreprises</li> </ul> <p><b>Appui PME/PMI – Algeria:</b></p> <p>No evidence of a documented analysis. The final evaluation report only informs that the enterprises targeted were the right group:</p> <p><i>« Bien opportunément le Programme a ciblé les acteurs à niveau méso et au niveau macro, de manière que l'ensemble de l'intervention puisse être cohérente avec les orientations des</i></p>

	<p><i>programmes nationaux et avec le niveau de développement des institutions d'appui publiques et privées" (p.9)</i></p> <p>Two components of the programme are relevant for the competitiveness of enterprises: Component I "<i>Appui direct à la mise à niveau des PME/PMI</i>" and Component II "<i>Information et services adaptés aux PME/PMI</i>"</p> <p><b>Maghreb Leasing – Algeria:</b> This EQ is not relevant for this intervention with the exception of JC6.4</p> <p><b>Appui aux PME II – Algeria :</b> No evidence of a documented analysis but <b>challenges notably in terms of competitiveness listed in programming documents</b> (See I-6.1.2). <b>No information on how this assessment was made.</b></p> <p><b>Modernisation Secteur Financier - Algeria</b></p>
I-6.1.2	<p><b>ALGERIA:</b> No reference to a documented analysis but CSP 2007-2013 analyses the challenges for Algerian companies in terms of improving their competitiveness:</p> <p><i>“These challenges will require Algerian companies:</i></p> <ol style="list-style-type: none"> <li><i>1. especially SMEs, to adopt modern management systems that channel a will for constant change and whose objectives are based on innovation rather than maintaining established positions;</i></li> <li><i>2. to integrate a quality approach that enables them to offer products capable of competing with imports and capturing export markets;</i></li> <li><i>3. to take advantage of the opportunities offered by information and communication technologies;</i></li> <li><i>4. to possess structures capable of supporting their desire to meet quality standards, and technical aspects and incorporation issues relating to innovation.” (p.29)</i></li> </ol> <p>Competitiveness of enterprises also mentioned in the first programming period but no analysis of constraints provided (<i>CSP 2002-2006, p.1</i>)</p> <p><b>Appui PME/PMI - Algeria</b></p> <p><b>Maghreb Leasing - Algeria</b></p> <p><b>Appui aux PME II – Algeria</b> No reference to a documented analysis but following challenges listed in programming documents: « <i>Les entreprises algériennes doivent faire face à plusieurs défis:</i></p> <ul style="list-style-type: none"> <li>• <i>la concurrence d'importations non contrôlées,</i></li> <li>• <i>un marché parallèle considérable (estimé à 40% de l'économie hors hydrocarbures),</i></li> <li>• <i>le manque de formation de la plupart des dirigeants,</i></li> <li>• <i>le manque de main d'œuvre qualifiée,</i></li> <li>• <i>un environnement insuffisamment favorable à l'entreprise, une faiblesse des institutions associatives professionnelles.</i></li> </ul> <p><i>De plus, les quelques entreprises algériennes qui pourraient exporter ne peuvent profiter pleinement de l'Accord d'Association avec l'UE en raison notamment de la place encore faible des organismes de contrôle, d'accréditation, de normalisation, indispensables pour que les produits</i></p>

	<i>algériens répondent aux exigences des marchés européens. » (Project Synopsis)</i>
	<b>Modernisation Secteur Financier – Algeria:</b> This EQ is not relevant for this intervention.
I-6.1.3	<b>ALGERIA</b>
	<b>Appui PME/PMI - Algeria</b>
	<b>Maghreb Leasing - Algeria</b>
	<b>Appui aux PME II – Algeria</b>
	<b>Modernisation Secteur Financier - Algeria</b>
I-6.1.4	<b>ALGERIA:</b> The NIP 2007-2010 included the PME/PMI II programme for a total budget of €40m and its objective took into account the challenges listed under I-6.1.2: <i>“Sustainably improve business competitiveness: (i) direct support to SMEs; (ii) technical centres; (iii) quality system: standardisation, metrology and certification; (iv) information and communication technologies.” (p.25)</i>
	<b>Appui PME/PMI - Algeria</b>
	<b>Maghreb Leasing - Algeria</b>
	<b>Appui aux PME II – Algeria :</b> There are evidences in the programming documents that <b>the intervention was geared towards tackling the shortcomings listed under I-6.1.2.</b> For example: <ul style="list-style-type: none"> <li>• In light of this assessment the establishment of a <b>quality system</b> became a <b>priority</b> and <b>Component III</b> of the programme is dedicated to the establishment of such system: <i>“Appui à la mise en place d’un system qualité dans certaines filières”.</i></li> <li>• <b>Component II</b> <i>“Appui aux institutions et aux services d’appui”</i> addresses the <b>challenge on the environment and the weakness of institutions</b></li> <li>• <b>Component I</b> <i>“Appui direct aux PME”</i> addresses <b>the other problems notably the lack of training</b></li> </ul>
	<b>Modernisation Secteur Financier – Algeria</b>
I-6.1.5	<b>ALGERIA:</b> According to the NIP 2007-2010, the PME/PMI II programme will target a critical mass of enterprises facing competitiveness problems: <i>“The number of SMEs supported will help achieve a critical mass and allow 30-40% of the target SMEs to be included in the process.” (p.31)</i>
	<b>Appui PME/PMI – Algeria:</b> In terms of number of enterprises targeted the report states with respect to Component I on “Appui direct à la mise à niveau des PME/PMI”:  <i>“Efficacité en terme de nombre de PME engagées dans le processus de mise à niveau [objectif initial de 400 entreprises dépassé] » (p.8)</i>
	<b>Maghreb Leasing - Algeria</b>

	<p><b>Appui aux PME II – Algeria :</b></p> <p>In terms of number of enterprises targeted the FA does <b>not mention a specific number</b> in the expected results (p.19):</p> <p>1) <b>L'amélioration de la compétitivité d'un certain nombre de PME algériennes-pilotes, la dissémination de bonnes pratiques et le développement de la synergie avec l'ensemble du secteur des PME en Algérie</b></p> <p>A <b>ROM report</b> informs however that, at the time of the monitoring, <b>only two of the targeted enterprises had actually started to benefit from the programme</b> and that this is notably due to a <b>design problem that must be fixed:</b></p> <p><i>Depuis le démarrage du programme, 175 entreprises ont été présélectionnées pour bénéficier d'assistance en vue de leur mise à niveau. Sur ce total, seules 2 d'entre elles sont effectivement entrées dans la phase opérationnelle de la mise à niveau. Selon l'UAP l'obstacle principal à l'engagement des entreprises réside dans le niveau de contribution qui leur est demandé (30% du coût des honoraires). Outre que ce montant peut effectivement apparaître élevé à des PME qui n'ont pas l'habitude de recourir à de l'expertise extérieure, cette contribution est supérieure à celle requise par le Programme National de Mise à Niveau (PNAM), qui est de 20%. (MR-115222.02)</i></p>
I-6.1.6	<p><b>Modernisation Secteur Financier - Algeria</b></p> <p><b>ALGERIA:</b></p> <p>BDS and non-financial services included in the PME/PMI II programme were:</p> <ul style="list-style-type: none"> <li>• <i>Direct SME support (modernisation);</i></li> <li>• <i>SME support services, intellectual property and distribution of information to entrepreneurs;</i></li> <li>• <i>Establishment of a total quality system;</i></li> <li>• <i>Information and communication technologies. (pp.30-31)</i></li> </ul> <p>No information on the sustainability of these.</p> <p><b>Appui PME/PMI – Algeria:</b></p> <p>No evidence</p> <p><b>Maghreb Leasing - Algeria</b></p> <p><b>Appui aux PME II – Algeria :</b></p> <p>No evidence</p> <p><b>Modernisation Secteur Financier - Algeria</b></p>
I-6.1.7	<p><b>ALGERIA:</b></p> <p>No clear numbers but both types of supports were envisaged</p> <p><b>Appui PME/PMI - Algeria</b></p> <p><b>Maghreb Leasing - Algeria</b></p> <p><b>Appui aux PME II – Algeria</b></p> <p><b>Modernisation Secteur Financier - Algeria</b></p>

<b>JC 6.2</b>	<b><i>The delivery channels or IOs for this support were appropriate and able to deliver</i></b>
<b>Findings at JC level</b>	<p>La sélection de certaines OI s'est faite au vu des objectifs à atteindre</p> <ul style="list-style-type: none"> <li>par ex. ALGERAC, IANOR chargée de l'accréditation et la normalisation pour le volet qualité du programme PME II</li> </ul> <p>La canalisation de l'aide via des OI n'a pas toujours permis de maximiser l'impact</p> <ul style="list-style-type: none"> <li>“Success story” du soutien apporté à l'Association des Producteurs Algériens de Boissons (APAB) qui représente 85% de la production nationale de boisson: Atteinte de résultats concrets tant sur les pratiques dans le secteur (importance de la qualité, hygiène) que sur le cadre réglementaire (loi sur la traçabilité attribuée au projet) (MN 744)</li> <li>Appréciation plus mitigée quant au renforcement de la Chambre de Commerce et de l'Industrie Djurdjura</li> </ul> <p>Certaines parties prenantes questionnent la pertinence de certaines OI dans le soutien efficace du secteur privé (questions du statut et de la représentativité) :</p> <p><i>« Réaliser un appui décentralisé et recadrer le rôle de chaque acteur (chambre de commerce).</i></p> <p><i>Mauvaise représentativité des acteurs privés (30%) au profit des acteurs publics au sein des chambres de commerce. D'ailleurs, au niveau de PME II, élaboration de TdR pour revoir le rôle et réformer les chambres de commerce. » (MN 747)</i></p>
<b>I-6.2.1</b>	Commission programming documents and stakeholders show that intermediary organisations were selected on the basis of their ability to deliver
<b>I-6.2.2</b>	Monitoring/evaluation reports and/or stakeholders provide evidence that selected intermediary organisations delivered
<b>I-6.2.3</b>	Monitoring/evaluation reports and/or stakeholders provide evidence that key follow-up at the level of intermediary organisations occurred
<b>I-6.2.4</b>	Monitoring/evaluation reports and/or stakeholders provide evidence to show that institutions for business development services have been strengthened in a sustainable manner
<b>I-6.2.1</b>	<p><b>ALGERIA:</b></p> <p>No evidence on the selection process of IOs.</p> <p>The IOs selected were:</p> <ul style="list-style-type: none"> <li>the National Intellectual Property Institute “with a view to adapting the legislation to European standards and the modernisation of intellectual property protection practices”</li> <li>the National Office of Legal Metrology “to revitalise the metrology system by supporting the setting-up of laboratories, developing the essential skills and introducing</li> </ul>

	<p><i>calibration bodies”</i></p> <p>The National Standardisation Institute “to help strengthen management systems, enhance skills and improve communication.”</p>
	<p><b>Appui PME/PMI – Algeria:</b></p> <p>The final evaluation report mentions on the Component: “Information et services adaptés aux PME/PMI”:</p> <p>« Absence d'études préalables et de stratégies opérationnelles pour la de sélection des bénéficiaires (associations CCI et organismes d'appui) » (p.10)</p>
	<p><b>Maghreb Leasing - Algeria</b></p>
	<p><b>Appui aux PME II – Algeria :</b></p> <p>There are strong evidence that IOs were not selected according to their ability to deliver but rather according to their sector of activity, i.e. quality or institutions and agencies linked to the Ministry of SMEs (FA, p.21, p.23):</p> <p>Le projet devra permettre aux structures en charge de la qualité, la normalisation, l'accréditation (notamment ALGERAC, IANOR, ONML) de remplir leurs obligations dans ce domaine. Il vise aussi à promouvoir une culture d'entreprise axée sur le respect des normes et de la qualité.</p> <p>Le projet vise à renforcer les capacités du Ministère de la PME et de l'artisanat et de l'agence nationale de développement des PME (ANDPME) notamment dans la définition de leur stratégie vis-à-vis des PME et le renforcement de leurs outils d'appui aux PME.</p>
	<p><b>Modernisation Secteur Financier - Algeria</b></p>
I-6.2.2	<p><b>ALGERIA:</b></p> <p>No evidence</p>
	<p><b>Appui PME/PMI – Algeria:</b></p> <p>The final evaluation report informs in this respect:</p> <p>“Les rencontres avec les acteurs institutionnels et l'enquête auprès des PME ont confirmé les aspects satisfaisants des actions du volet III aux niveaux Efficacité, Impact et Viabilité:</p> <p>(i) Le transfert et la viabilité des résultats au niveau du MPMEA [Ministère des PME et Artisanat], de l'ANDPME [Agence Nationale de Développement de la PME] et du FCE [Forum des Chefs d'Entreprise] sont effectifs et appréciés » (p.9)</p>
	<p><b>Maghreb Leasing - Algeria</b></p>
	<p><b>Appui aux PME II – Algeria :</b></p> <p>According to ROM report, the absorption capacity of these organisations have been over-estimated:</p> <p>« L'Agence Nationale de Développement des Petites et Moyennes Entreprises (ANDPME), créée il y a cinq ans par le gouvernement pour aider les PME dans leur développement, et destinataire d'une partie de l'appui institutionnel du programme, n'est pas opérationnelle à ce jour. Dotée d'un budget considérable, équivalent à 3,8 milliards d'euros sur cinq ans, pour la mise en œuvre du Plan National de Mise à Niveau des PME algériennes, elle garde une structure embryonnaire. » (MR-115222.02)</p>



	<p>« Les organismes de l'infrastructure qualité, LANOR (normalisation), ALGERAC (accréditation) et ONML (métrologie) sont plus opérationnels, mais l'appui institutionnel qui leur est destiné est probablement surdimensionné, surtout compte-tenu de la mise en place en cours d'un jumelage à l'LANOR » (MR-115222.02)</p>
	<b>Modernisation Secteur Financier - Algeria</b>
<b>I-6.2.3</b>	<p><b>ALGERIA:</b> No evidence</p>
	<p><b>Appui PME/PMI – Algeria:</b> See I-6.2.2</p>
	<b>Maghreb Leasing - Algeria</b>
	<p><b>Appui aux PME II – Algeria :</b> ROM report further informs that <b>follow-up occurred but has not been able so far to solve the problem (of attitude and absorption capacity):</b></p> <p>« Malgré les efforts en ce sens de l'UAP, l'appui institutionnel n'a pas à ce jour suscité de demande significative de la part des organismes algériens auquel il est destiné. En particulier, l'Agence Nationale pour le Développement des Petites et Moyennes Entreprises (ANDPME) n'a pas été à ce jour réceptive aux propositions de soutien qui lui ont été faites. [...] Les organes de la politique de qualité sont en moyenne plus réceptifs à l'appui institutionnel, mais le programme se heurte à leurs dissensions et à leur manque de moyens. » (MR-115222.02)</p>
	<b>Modernisation Secteur Financier - Algeria</b>
<b>I-6.2.4</b>	<p><b>ALGERIA:</b> No evidence</p>
	<p><b>Appui PME/PMI – Algeria:</b> See I-6.2.2</p>
	<b>Maghreb Leasing - Algeria</b>
	<p><b>Appui aux PME II – Algeria :</b> See the two previous indicators</p>
	<b>Modernisation Secteur Financier - Algeria</b>
<b>JC 6.3</b>	<b><i>Enterprises that benefited from Commission support have been upgraded and accessed new markets</i></b>
<b>Findings at JC level</b>	<p><b>Les résultats sont mitigés (certains satisfaits d'autres non) au niveau des entreprises:</b></p> <ul style="list-style-type: none"> <li>• Manque de ciblage</li> <li>• AT limitée au diagnostique avec manque de suivi</li> <li>• Objectif quantitatif dépassé (445) mais effet levier au niveau sectoriel?</li> <li>• Augmentation du chiffre d'affaires des PME bénéficiaires (enquête Évaluation finale) mais difficile d'accès à de nouveaux marchés</li> <li>• Qualité des experts mise à disposition et appréciation des binômes experts nationaux/ internationaux</li> </ul>

	(MN 741, MN748, MN751, MN 755, MN 759)
I-6.3.1	Evidence exists of follow-up after cooperation meetings and agreements in terms of upgrading of enterprises (development of skills, know-how, managerial, market knowledge, etc.), and adequate targeting of key sectors
I-6.3.2	Number of business to business cooperation and promotion meetings which gave rise to increased trade exchanges and enhanced export prospects
I-6.3.3	Number of business to business cooperation and promotion meetings which gave rise to durable partnerships enhancing business opportunities and sustainable enterprise prospects
I-6.3.4	Monitoring reports demonstrate a systematic flow of know-how resulting from such activities
I-6.3.1	<p><b>ALGERIA:</b></p> <p>No follow-up of each activity but a general appraisal mentioned in the CSP 2007-2013:</p> <p><i>“The experience acquired in the implementation of the SME/SMI direct support programmes shows that technical assistance to SMEs is an effective way of contributing to the modernisation of Algeria's economic fabric. PME/PMI II is an extension of the existing programme and the only large-scale programme scheduled for the period 2007-2010.” (p.15)</i></p> <p><b>Appui PME/PMI – Algeria:</b></p> <p>Evidence of SMEs being up-graded (positive evolution of their turnover) but weakness in terms of accessing new markets:</p> <p><i>“Impact au niveau des changements mesurables chez les PME « mises à niveau » (p.8)</i></p> <p><i>« [L]es résultats de notre enquête montrent clairement que le secteur privé des PME algériennes a évolué au niveau de ses chiffres d'affaires, ses investissements matériels et immatériels [...] » (p.68)</i></p> <p><b>BUT :</b></p> <p><i>« Les aspects jugés insuffisants sont :</i></p> <p><i>La faiblesse- absence de résultats induits sur les fonctions marketing, initiation de l'accès aux marchés internes et extérieure, facilitation des rencontres avec de partenaires potentiels ; » (p.8)</i></p> <p><b>Maghreb Leasing - Algeria</b></p> <p><b>Appui aux PME II – Algeria :</b></p> <p>As mentioned under I-6.1.5, the programme had in fact only started to benefit two enterprises due to a design problem. So <b>no comment can be made at this stage with regard to up-grading of enterprises and their access to new market.</b></p> <p><b>Modernisation Secteur Financier - Algeria</b></p>

I-6.3.2	<b>ALGERIA:</b> No evidence
	<b>Appui PME/PMI – Algeria:</b> See I-6.3.1
	<b>Maghreb Leasing - Algeria</b>
	<b>Appui aux PME II – Algeria</b>
	<b>Modernisation Secteur Financier - Algeria</b>
I-6.3.3	<b>ALGERIA:</b> No evidence
	<b>Appui PME/PMI – Algeria:</b> See I-6.3.1
	<b>Maghreb Leasing - Algeria</b>
	<b>Appui aux PME II – Algeria</b>
	<b>Modernisation Secteur Financier - Algeria</b>
I-6.3.4	<b>ALGERIA:</b> No evidence
	<b>Appui PME/PMI - Algeria</b>
	<b>Maghreb Leasing - Algeria</b>
	<b>Appui aux PME II – Algeria</b>
	<b>Modernisation Secteur Financier - Algeria</b>
<b>JC 6.4</b>	<i>Enterprises that benefited from Commission support have increased their access to technology</i>
<b>Findings at JC level</b>	<p>Dans certains cas, l'AT a permis l'accès au savoir faire et une amélioration de la compétitivité qui ont notamment induit des progrès technologiques (logiciels de gestion) (MN 745, MN 751)</p> <p>Le soutien de la FEMIP a également permis l'accès à la technologie grâce à des financements accessibles aux PME (MN 756)</p>
<b>I-6.4.1</b>	Monitoring reports show that new technology, including European technology, has been mobilised by enterprises in Partner Countries
<b>I-6.4.2</b>	Stakeholders interviews indicate that such technology transfers has heightened their competitiveness
<b>I-6.4.3</b>	Monitoring reports indicate that the volume of technology transfers has been important for enterprises and relevant target sectors
<b>I-6.4.1</b>	<b>ALGERIA:</b> <i>“Improving command of information and communication technologies”</i> is one of the expected results of PME/PMI II (p.30) but no evidence on a resulting increased access to

	<p>technology.</p> <p><b>Appui PME/PMI – Algeria:</b>                  One activity under Component I “<i>Appui direct à la mise à niveau des PME/PMI</i>” was to increase their access to ICTs..                  The final evaluation gives a positive appraisal of this activity but emphasizes the problem of delays:  <i>« S’agissant du volet TIC, la mission a pu relever la pertinence et la qualité des actions préalables de diagnostic, d’identification des besoins spécifiques à chaque organisation, d’intégration des aspects réseaux, sécurité, bureautique et progiciels et de mesures d’accompagnement et de prise en main. En revanche, la mission a mesuré le degré d’insatisfaction des PME/ PMI quant aux délais de livraison des matériels et logiciels. » (p.8)</i></p> <p><b>Maghreb Leasing – Algeria:</b>                  It should only be mentioned that this intervention aimed at creating a leasing company and that thanks to this new financial service <b>SMEs were able to acquire equipment and technology that they would not have been able to acquire directly</b> due to their lack of own or debt resources. (<i>Operations evaluation, p.3</i>)</p> <p><b>Appui aux PME II – Algeria :</b>                  A number of <b>activities</b> under Component I « <i>Appui direct aux PME sous forme d’action pilote</i>” are <b>to increase access to ICTs</b> (p.21):  <b>Activités :</b>  <ul style="list-style-type: none"> <li>- Recenser les besoins des entreprises, identifier les obstacles à leur maîtrise des NTIC</li> <li>- Proposer aux PME des actions d’appui favorisant l’utilisation des NTIC et leur appropriation (site web, journée d’information...)</li> <li>- Elaborer des études de filières pour les entreprises NTIC elles même afin de renforcer ce secteur tertiaire.</li> </ul>                 But, as mentioned above, only <b>two enterprises have begun benefiting from the programme.</b></p> <p><b>Modernisation Secteur Financier - Algeria</b></p>
I-6.4.2	<p><b>ALGERIA:</b>                  No evidence</p> <p><b>Appui PME/PMI - Algeria</b></p> <p><b>Maghreb Leasing - Algeria</b></p> <p><b>Appui aux PME II – Algeria</b></p> <p><b>Modernisation Secteur Financier - Algeria</b></p>
I-6.4.3	<p><b>ALGERIA:</b>                  No evidence</p> <p><b>Appui PME/PMI – Algeria:</b>                  See I-6.4.1</p> <p><b>Maghreb Leasing - Algeria</b></p> <p><b>Appui aux PME II – Algeria</b></p> <p><b>Modernisation Secteur Financier - Algeria</b></p>

EQ 7	To what extent did Commission support contribute to increased cross-border investment in partner countries' private sectors?
<p><b>Other relevant information (not captured elsewhere)</b></p>	<p>Investment promotion is a key policy for the GoA:  <i>« La promotion de l'investissement et de l'environnement des entreprises est centrée autour des PME considérées comme pourvoyeurs de croissance et d'emploi. » (CSP 2002-2006, p.3)</i>            To that effect : <i>« Une ordonnance sur les investissements a été signée en août 2001 afin de rendre plus cohérent le dispositif de promotion des investissements. » (p.11)</i></p> <p>Commission's support aim at certain regulatory measures and passing of Agreements with Algeria in order to favour investment over both programming periods:  <i>« Droit d'établissement et services: Code des investissements révisé; conclusion d'accords de protection des investissements et d'accords de double imposition; procédures administratives pour la création d'entreprises simplifiées et accompagnement de l'investisseur par l'administration amélioré; » (CSP 2002-2006, p.32)</i></p> <p><i>«[T]o continue reforms to the regulatory and institutional framework; to improve the investment climate » (CSP 2007-2013, p.35)</i></p> <p>Existence of a regional programme promoting investment :  <i>«A regional programme will support investment promotion in the economic development sector.» (p.23)</i></p> <p><b>MAIS tout ceci est presque devenu obsolète depuis que le gouvernement algérien a effectué un repli à partir de 2008 et même la signature du AA n'a pas permis de booster l'investissement étranger :</b></p> <p><i>« En 2008, il y a eu un repli complet de la politique du pays qui a eu un effet contraire de fermeture notamment parce que l'Algérie n'était pas suffisamment développée pour contrer les effets négatifs de l'ouverture. De plus la crise économique tout ceci a eu pour effet une fermeture de la part de l'Algérie. » (MN 753)</i></p> <p>Par exemple :</p> <ul style="list-style-type: none"> <li>• impossibilité de rapatrier des capitaux plus que le montant que les capitaux investis dans le pays (très difficile à calculer donc porte ouverte à toutes sortes d'abus)</li> <li>• limitation interne d'investissement également car l'ANDI prend sont temps avant d'accorder des investissements. Et c'est fait de façon très flou. Pas d'étude depuis 2009 qui permet d'apprécier l'impact de ces lois sur l'investissement</li> <li>• pas de certitude légale pour l'investisseur car changement des lois et pas de suivi sur l'application de ces lois. Par exemple, nombre d'investissement acceptés et refusés. Pratiques pas très transparentes. Ces décisions ont été prises de façon unilatérale par l'Algérie.</li> </ul>

	<ul style="list-style-type: none"> <li>• Par rapport, aux investisseurs déjà présents, ils sont sous pression de prendre des partenaires algériens (qui importe doit avoir 30% de capital algérien)</li> <li>• Egalement le droit de préemption de l'Etat lors de la vente d'entreprises implantées en Algérie à l'étranger.</li> </ul>
<b>JC 7.1</b>	<b><i>The Commission's support was targeted on the basis of an analysis of the needs of enterprises</i></b>
<b>Findings at JC level</b>	
<b>I-7.1.1</b>	Enterprises needs analyses provided in regional/country surveys or through other means
<b>I-7.1.2</b>	Evidence in programming documentation on the Commission's knowledge of potential European sources of investment when organising investment promotion activities
<b>I-7.1.3</b>	Elements provided in programming documentation and/or by stakeholders showing that the Commission's support was based on these needs analyses and that the Commission had a prioritised approach in selecting groups of beneficiary enterprises
<b>I-7.1.1</b>	<p><b>ALGERIA:</b> No evidence of such analyses. Only mention in CSP 2007-2013 of obstacles to investment:</p> <p><i>"[T]he private sector still suffers from multiple barriers to investment, including limited access to finance, dominance of the public sector in productive activity, and heavy bureaucracy." (p.20)</i></p> <p><b>Appui PME/PMI – Algeria:</b> No evidence but the investment promotion activity of the programme had to be given-up notably because of a bad appraisal of the Algerian context and needs of enterprises (See I-5.1.2 and I-5.1.4)</p> <p><b>Maghreb Leasing – Algeria:</b> No needs analyses conducted only mention in programming documents that SMEs have difficult access to finance: <i>"The creation of MLA improves the financial sector in Algeria by developing a segment that was little developed although potentially very useful to give SMEs access to capital for investment. Indeed, leasing companies can offer cheaper alternative to procure required equipment, since direct acquisition is often not feasible due to the limited own or debt resources of the SMEs. This is reinforced by the fact that these often cannot be obtained from a banking sector that remains very conservative and requiring strong collaterals." (Operations evaluation, p.3)</i></p> <p><b>Appui aux PME II – Algeria</b></p> <p><b>Modernisation Secteur Financier – Algeria:</b> This EQ is not relevant for this intervention as it did not support investment banks.</p>

I-7.1.2	<b>ALGERIA:</b> Only mention of a need to encourage investment : « <i>la dynamique de l'investissement, notamment étranger, doit être stimulée</i> » (CSP2002-2006, p.13)  “[D]evelopment of conditions conducive to private investment,” (CSP 2007-2013, p.18)
	<b>Appui PME/PMI – Algeria:</b>
	<b>Maghreb Leasing – Algeria:</b> No evidence of such knowledge but European Banks both private (the French BNP) and of EU MS development agencies (Fr, NL, GB) have joined this action: “ <i>The creation of Maghreb Leasing Algeria is an illustration of effective coordination among the EIB, the EU MS development agencies and the IFC (guarantor for the private banks’ loans and shareholder).</i> ” (p.1)
	<b>Appui aux PME II – Algeria</b>
	<b>Modernisation Secteur Financier - Algeria</b>
I-7.1.3	<b>ALGERIA:</b> No evidence
	<b>Appui PME/PMI - Algeria</b>
	<b>Maghreb Leasing - Algeria</b>
	<b>Appui aux PME II – Algeria</b>
	<b>Modernisation Secteur Financier - Algeria</b>
<b>JC 7.2</b>	<b><i>The Commission has supported the development of investment-related intermediary organisations, and these IOs have effectively engaged in investment promotion</i></b>
<b>Findings at JC level</b>	
<b>I-7.2.1</b>	Number of Investment Promotion Agencies (IPAs) and other investment intermediaries supported
<b>I-7.2.2</b>	Monitoring reports contain evidence of improvements in the performance of IOs in the supply of investment support
<b>I-7.2.3</b>	Number of investment promotion events that gave rise to actual additional investment
I-7.2.1	<b>ALGERIA:</b> No evidence
	<b>Appui PME/PMI – Algeria:</b> The intervention was to finance the creation of five Specialised Financial Organisations whose role was notably to promote investment ( <i>Convention de Financement, p.21</i> ). But, as mentioned under I-5.1.2 and I-5.1.4, this objective was given-up and replaced by the creation of guarantee funds.
	<b>Maghreb Leasing – Algeria:</b> The intervention only contributed to create a leasing company.

	<p><b>Appui aux PME II – Algeria :</b> Even though the « <i>Ministère de l'Industrie et de la Promotion des Investissements</i> » was one of the institutions targeted under Component II « <i>Appui aux Institutions et aux services d'appui</i> », <b>the programme did not focus on investment promotion activities.</b></p>
	<b>Modernisation Secteur Financier - Algeria</b>
I-7.2.2	<p><b>ALGERIA:</b> No evidence</p>
	<b>Appui PME/PMI - Algeria</b>
	<b>Maghreb Leasing - Algeria</b>
	<b>Appui aux PME II – Algeria</b>
	<b>Modernisation Secteur Financier - Algeria</b>
I-7.2.3	<p><b>ALGERIA:</b> No evidence</p>
	<b>Appui PME/PMI - Algeria</b>
	<b>Maghreb Leasing - Algeria</b>
	<b>Appui aux PME II – Algeria</b>
	<b>Modernisation Secteur Financier - Algeria</b>
<b>JC 7.3</b>	<b><i>The Commission has supported investment related business to business meetings &amp; investment promotion events, and these have had identifiable results</i></b>
<b>Findings at JC level</b>	
<b>I-7.3.1</b>	Number of investment promotion meetings & events organised
<b>I-7.3.2</b>	Monitoring reports contain evidence of investment mobilisation resulting from such events, and stakeholders confirm such results
<b>I-7.3.3</b>	Commission follow-up steps have been taken to enhance the results of investment promotion activities
<b>I-7.3.4</b>	Also see answers to indicators I-6.3.2 and I-6.3.3 above
<b>I-7.3.1</b>	<p><b>ALGERIA:</b> No evidence</p>
	<b>Appui PME/PMI - Algeria</b>
	<b>Maghreb Leasing - Algeria</b>
	<b>Appui aux PME II – Algeria</b>
	<b>Modernisation Secteur Financier - Algeria</b>
<b>I-7.3.2</b>	<p><b>ALGERIA:</b> No evidence</p>



	Appui PME/PMI - Algeria
	Maghreb Leasing - Algeria
	Appui aux PME II – Algeria
	Modernisation Secteur Financier - Algeria
I-7.3.3	<p><b>ALGERIA:</b> No evidence</p> <p>Appui PME/PMI - Algeria</p> <p>Maghreb Leasing - Algeria</p> <p>Appui aux PME II – Algeria</p> <p>Modernisation Secteur Financier - Algeria</p>
I-7.3.4	<p><b>ALGERIA</b></p> <p>Appui PME/PMI - Algeria</p> <p>Maghreb Leasing - Algeria</p> <p>Appui aux PME II – Algeria</p> <p>Modernisation Secteur Financier - Algeria</p>
<b>JC 7.4</b>	<b>Commission support has encouraged FDI</b>
Findings at JC level	
I-7.4.1	Reports exist that document the mobilisation of investment flows as a result of Commission support
I-7.4.2	In the absence of actual financial investment, the Commissions reports demonstrate that potential has been created for later investment resulting from business partnerships
I-7.4.1	<p><b>ALGERIA:</b> CSP 2007-2013 describes the positive evolution of FDI but no link is established with Commission's intervention: <i>"In 2004, foreign direct investment flows more than doubled to EUR 5.8 billion, compared 20 with EUR 2.5 billion in 2003. New investments were made outside the hydrocarbon sector, particularly in the telecommunications, the agri-food, pharmaceutical, and information technology sectors, which reflects an increase in investor confidence."</i> (pp.19-20)</p> <p>Appui PME/PMI - Algeria</p> <p><b>Maghreb Leasing – Algeria:</b> Yes as a result of the creation of the leasing company with FEMIP funds channelled by the EIB other financial actors such as European and foreign private banks have joined this action: <i>"In parallel with the EIB, private banks (Algerian and Foreign) provided credit (notably the French BNP); these private loans have been guaranteed by the IFC and by Proparco."</i> (p.2) The evaluation report mentions: <i>"This EIB loan gave confidence to Tunisian and international financial institutions."</i> (p.1)</p>

	<p>Since the change in government strategy described above and its will to no longer accept loans from development banks, the EIB can no longer intervene in Algeria for now:</p> <ul style="list-style-type: none"> <li>• Dans le cadre de la FEMIP, l'assistance de la BEI n'est pas renouvelable malgré les résultats positifs pour les PME algériennes (MN 756)</li> </ul>
	<b>Appui aux PME II – Algeria</b>
	<b>Modernisation Secteur Financier - Algeria</b>
<b>I-7.4.2</b>	<b>ALGERIA:</b> No evidence
	<b>Appui PME/PMI - Algeria</b>
	<b>Maghreb Leasing – Algeria:</b>
	<b>Appui aux PME II – Algeria</b>
	<b>Modernisation Secteur Financier - Algeria</b>
<b>JC 7.5</b>	<b><i>SMEs were adequately targeted by comprehensive provision of investment related services</i></b>
<b>Findings at JC level</b>	
<b>I-7.5.1</b>	Regional and country surveys and studies indicate that SMEs were among the Commission's priorities
<b>I-7.5.2</b>	Intervention documentation evidences that SMEs have been duly targeted
<b>I-7.5.3</b>	Monitoring reports contain evidence of investment mobilisation benefiting SMEs
<b>I-7.5.1</b>	<b>ALGERIA:</b> No evidence
	<b>Appui PME/PMI - Algeria</b>
	<b>Maghreb Leasing – Algeria:</b> This intervention was financed by the “reinforced FEMIP” and one of the priority objectives of this instrument is to target SMEs as mentioned in the evaluation report.
	<b>Appui aux PME II – Algeria</b>
	<b>Modernisation Secteur Financier - Algeria</b>
<b>I-7.5.2</b>	<b>ALGERIA:</b> No evidence
	<b>Appui PME/PMI - Algeria</b>
	<b>Maghreb Leasing - Algeria</b>
	<b>Appui aux PME II – Algeria</b>
	<b>Modernisation Secteur Financier - Algeria</b>

<b>I-7.5.3</b>	<b>ALGERIA:</b> No evidence
	<b>Appui PME/PMI - Algeria</b>
	<b>Maghreb Leasing - Algeria</b>
	<b>Appui aux PME II – Algeria</b>
	<b>Modernisation Secteur Financier - Algeria</b>

<b>EQ 8</b>	<b>To what extent has the Commission PSD support contributed to facilitate the generation of employment?</b>
<b>Other relevant information (not captured elsewhere)</b>	<p>Generation of employment considered as a medium-term challenge by the Commission. The Commission intervened in the employment sector over both programming period:</p> <p><i>«La création d'emplois et d'activités génératrices de revenus, en particulier pour les groupes vulnérables (femmes et jeunes), sont des éléments clés.» (CSP 2002-2006, p.13)</i></p> <p>Le sous-groupe de bailleurs dédié au secteur privé englobe également l'emploi et est coordonné par la Del. UE</p> <ul style="list-style-type: none"> <li>• Importance de l'emploi et notamment l'employabilité des jeunes réaffirmée après le Printemps arabe dans les pays voisins (MN 753, MN 758, MN 760)</li> </ul>
<b>JC 8.1</b>	<b><i>The Commission monitors employment effects</i></b>
<b>Findings at JC level</b>	<p>Pas de mécanismes de suivi pour effectivement mesurer l'impact sur la création d'emploi</p> <p>(MN 740)</p>
<b>I-8.1.1</b>	Description of Commission practices in terms of monitoring of employment effects (e.g. specific indicators defined)
<b>I-8.1.2</b>	Evolution of employment figures included in beneficiary progress reports to Commission
<b>I-8.1.1</b>	<p><b>ALGERIA:</b></p> <p><u>For the period 2007-2013:</u> Besides its support to SMEs, the Commission foresaw in its 2007-2010 NIP a support to employment (see I-4.1.2). Part of the action is precisely to remediate to a lack of monitoring of the employment market and aims to create performance indicators in this sense:</p> <p><i>«Employment and unemployment indicators by category, economic sector and district are known, updated and used;» (p.33)</i></p> <p><b>Appui PME/PMI – Algeria:</b></p> <p>No evidence in terms of monitoring of employment effects. Only evidence of an employment indicator used to select project « <i>Projets ayant une incidence positive directe ou indirecte sur la création d'emplois</i> » (Convention de Financement, p. 36)</p> <p><b>Maghreb Leasing – Algeria:</b></p> <p>This EQ is not relevant for this intervention.</p> <p><b>Appui aux PME II – Algeria :</b></p> <p><b>No evidence</b> from the programming documents that:</p> <ul style="list-style-type: none"> <li>• the generation of employment was meant as a direct or indirect objective of the intervention</li> </ul>

	<ul style="list-style-type: none"> <li>the Commission sought to assess the employment consequence of this intervention.</li> </ul>
	<b>Modernisation Secteur Financier - Algeria</b>
<b>I-8.1.2</b>	<b>ALGERIA</b>
	<b>Appui PME/PMI – Algeria:</b> No indicator to measure evolution. A survey, however, has been done by the evaluation team for the final evaluation : “[L]es résultats de notre enquête montrent clairement que le secteur privé des PME algériennes a évolué au niveau de ses chiffres d'affaires, ses investissements matériels et immatériels, sa contribution au développement des emplois notamment celle des diplômés du supérieur » (p.68)
	<b>Maghreb Leasing - Algeria</b>
	<b>Appui aux PME II – Algeria</b>
	<b>Modernisation Secteur Financier – Algeria:</b> This EQ is not relevant for this intervention.
<b>JC 8.2</b>	<b><i>Generation of employment has been a concern of the Commission when providing PSD support</i></b>
<b>Findings at JC level</b>	<b>La création d’emploi est un objectif clair des programmes de soutien au secteur privé</b> <ul style="list-style-type: none"> <li>Phase documentaire et confirmé par les entretiens (MN 740, MN 744, MN 748, MN 753, MN 760)</li> </ul>
<b>I-8.2.1</b>	Commission strategy and programming documents explain how supported interventions will contribute to employment
<b>I-8.2.2</b>	Available reports explain how Commission support aimed at and did contribute to employment
<b>I-8.2.3</b>	Stakeholders consider that Commission interventions aimed at and did contribute to the generation of employment
<b>I-8.2.1</b>	<b>ALGERIA:</b> Commission wants to take more into consideration the “social effects of the economic transition” (CSP 2002-2006, p.24). As a result, under both programming periods, the Commission has intervened in the employment sector. No description of activities in support of SMEs targeting job creation but evidence of PSD support complemented by other interventions in the employment sector. <u>For the period 2002-2006:</u> « 3. Développement des ressources humaines, en vue de créer les conditions pour une meilleure valorisation des capacités humaines dans la vie productive ainsi que l'amélioration durable des conditions de vie des populations vulnérables. » (p.22) <u>For the period 2007-2013:</u> “the development of education and training, youth, higher education and scientific research, which are essential to the building of a knowledge society and bringing down unemployment in a more open economy” (p.21)

	<p><b>Appui PME/PMI – Algeria:</b></p> <p>The Financing Agreement does mention in its overarching principles the generation of employment:</p> <p><i>« Le Programme sera piloté par la demande, fortement régionalisé, et privilégiera les projets porteurs d'emplois (en particulier l'emploi des jeunes) ; » (p.34)</i></p> <p>Besides the selection criterion on employment for projects (see I-8.1.1), there is not clear explanation as to how the intervention is going to generate employment.</p>
	<b>Maghreb Leasing - Algeria</b>
	<b>Appui aux PME II – Algeria</b>
	<b>Modernisation Secteur Financier - Algeria</b>
<b>I-8.2.2</b>	<b>ALGERIA</b>
	<p><b>Appui PME/PMI – Algeria:</b></p> <p>According to final evaluation report, the intervention contributed to employment (see I-8.1.2)</p>
	<b>Maghreb Leasing - Algeria</b>
	<b>Appui aux PME II – Algeria</b>
	<b>Modernisation Secteur Financier - Algeria</b>
<b>I-8.2.3</b>	<b>ALGERIA</b>
	<b>Appui PME/PMI - Algeria</b>
	<b>Maghreb Leasing - Algeria</b>
	<b>Appui aux PME II – Algeria</b>
	<b>Modernisation Secteur Financier - Algeria</b>
<b>JC 8.3</b>	<b><i>Commission support to formalisation of MSMEs has contributed to increased employment opportunities</i></b>
<b>Findings at JC level</b>	<p>Pour les entreprises qui ont amélioré leur compétitivité grâce au soutien de la Commission, il y a eu création d'emplois</p> <ul style="list-style-type: none"> <li>Par exemple, le soutien de la Commission à l'APAB (qualité) a permis l'augmentation des effectifs des entreprises de la filière de façon indirecte (MN 744)</li> </ul> <p>A SME manager explains :</p> <p><i>« Les programmes ont permis d'augmenté les effectifs de façon indirect car ils nous ont permis d'augmenté notre chiffre d'affaire. De 90 à 153 personnes. » (MN 748)</i></p>
<b>I-8.3.1</b>	Evolution of employment figures within MSME sector in beneficiary countries during evaluation period
<b>I-8.3.2</b>	Number of MSMEs created in beneficiary countries during evaluation period

I-8.3.1	<b>ALGERIA:</b> No evidence
	<b>Appui PME/PMI – Algeria:</b> No evidence
	<b>Maghreb Leasing - Algeria</b>
	<b>Appui aux PME II – Algeria</b>
	<b>Modernisation Secteur Financier - Algeria</b>
I-8.3.2	<b>ALGERIA:</b> No evidence
	<b>Appui PME/PMI – Algeria:</b> No evidence
	<b>Maghreb Leasing - Algeria</b>
	<b>Appui aux PME II – Algeria</b>
	<b>Modernisation Secteur Financier - Algeria</b>
<b>JC 8.4</b>	<i>Commission SBS has increased private sector employment opportunities in the sectors supported</i>
<b>Findings at JC level</b>	
<b>I-8.4.1</b>	Evolution of employment figures in the sectors supported by Commission SBS during evaluation period
I-8.4.1	<b>ALGERIA:</b> SBS not used in Algeria
	<b>Appui PME/PMI - Algeria</b>
	<b>Maghreb Leasing - Algeria</b>
	<b>Appui aux PME II – Algeria</b>
	<b>Modernisation Secteur Financier - Algeria</b>
<b>JC 8.5</b>	<i>Commission support has contributed to the transition of entrepreneurs from the informal to the formal sector</i>
<b>Findings at JC level</b>	
<b>I-8.5.1</b>	Commission strategy and programming documents foresee support for the transition from the informal to the formal sector
<b>I-8.5.2</b>	Improvements in the transition from the informal to the formal sector
<b>I-8.5.1</b>	<b>ALGERIA:</b> Evidence that Commission tackled over both periods the regulatory and institutional frameworks (see I-4.1.2) notably for the implementation of the AA, but no evidence of such action on the transition from the informal to the formal sector.

	<p><b>Appui PME/PMI – Algeria:</b> Not the focus of the intervention</p>
	<p><b>Maghreb Leasing - Algeria</b></p>
	<p><b>Appui aux PME II – Algeria</b></p>
	<p><b>Modernisation Secteur Financier - Algeria</b></p>
I-8.5.2	<p><b>ALGERIA:</b> No evidence</p>
	<p><b>Appui PME/PMI - Algeria</b></p>
	<p><b>Maghreb Leasing - Algeria</b></p>
	<p><b>Appui aux PME II – Algeria</b></p>
	<p><b>Modernisation Secteur Financier - Algeria</b></p>



<b>EQ 9</b>	<b>What was the Commission's added-value when providing support to PSD in third countries?</b>
<b>Other relevant information (not captured elsewhere)</b>	
<b>JC 9.1</b>	<i>The Commission PSD strategies were geared towards the provision of Commission-specific benefits, as compared to private sector initiatives, other financing modalities and support provided by other actors</i>
<b>Findings at JC level</b>	<p>Le soutien de la Commission au secteur privé pendant toute la décennie 2000 lui a permis d'acquérir une expertise et également d'ajuster son aide aux besoins du secteur</p> <ul style="list-style-type: none"> <li>Par exemple, l'introduction du volet qualité dans PME II</li> </ul> <p>La Commission est en mesure d'avoir un dialogue politique; concrètement réaffirmer, par exemple, l'importance du rôle du secteur privé dans les efforts entrepris par le GdA de diversification de son économie (MN 740, MN 742, MN 760)</p> <p>Selon le Conseil National Consultatif PME : « VA de la Commission est peut-être qu'elle a inculqué aux décideurs algériens une nouvelle façon de penser et une focalisation sur les PME. Donc prise de conscience du rôle des PME dans le développement. Donc la PME privé au centre de la réflexion sur le développement et la Commission a contribué à cela » (MN 742)</p> <p>L'envergure du soutien de la Commission lui permet d'intervenir sur deux fronts simultanément : institutionnel et au niveau des acteurs du secteur privé, toutefois une VA de cette approche n'a pas encore été totalement exploitée</p> <ul style="list-style-type: none"> <li>APAB est une illustration de réussite de cette VA potentielle (MN 744, MN 753)</li> </ul>
<b>I-9.1.1</b>	Commission documents that lay down the overall (not country specific) PSD strategy of the Commission require that the Commission PSD strategies and interventions are chosen on the basis of, among other things, the specific benefits the Commission can provide
<b>I-9.1.2</b>	CSPs/RSPs and programming documents highlight the specific value added of the Commission support
<b>I-9.1.3</b>	Stakeholders consider that the potential value added of the Commission support has been a key criterion for deciding on the nature of the support to be provided
<b>I-9.1.1</b>	<b>ALGERIA</b>
	<b>Appui PME/PMI - Algeria</b>

	<b>Maghreb Leasing - Algeria</b>
	<b>Appui aux PME II – Algeria</b>
	<b>Modernisation Secteur Financier - Algeria</b>
<b>I-9.1.2</b>	<p><b>ALGERIA:</b> The CSPs do not highlight the specific value added of the Commission in providing support to PSD</p> <p><b>Appui PME/PMI – Algeria:</b> The specific value added of the Commission in providing support to PSD <b>not highlighted</b> in programming documents.</p> <p><b>Maghreb Leasing – Algeria:</b> Even though not phrased as an added value the EIB loan (financed by the FEMIP) <b>gave confidence</b> to Tunisian and International financial institutions for creating this leasing company and this constitutes an added-value.</p> <p><b>Appui aux PME II – Algeria:</b> Even though not phrased as VA, the Commission puts forward in the FA <b>its previous experience in supporting SMEs and its intervention in the related trade sector and in the domain of privatisation:</b></p> <p>L'Union Européenne a financé de 2001 à 2007 un <b>programme de mise à niveau des PME (EDPME)</b>, doté d'un budget de 57m€. Ce programme fut mis en œuvre par le Ministère de la [...]</p> <p>Par ailleurs, une convention de financement a été signée avec le Ministère du Commerce pour le <b>programme d'Appui à la facilitation du commerce</b> (5m€). Ce programme prévoit [...]</p> <p>Le <b>programme privatisation</b> a également financé en 2007 un appui aux organismes de la qualité en Algérie à travers des études et l'assistance technique.</p> <p><b>Ex-post</b>, according to ROM report, <b>the Commission did take advantage of this added-value</b> as it <b>capitalised</b> on the experience of the <b>previous intervention</b> and established <b>synergies with the other two trade and privatisation interventions:</b></p> <p>« Dans une large mesure, la conception du programme s'est appuyée sur l'expérience acquise dans le cadre du Programme d'Appui au Développement des PME/PMI (dit PME 1) qui s'est déroulé de 2001 à fin 2007 » (MR-115222.02)</p> <p>« Une bonne collaboration s'est établie avec les autres programmes mis en œuvre par la CE. La coordination est bonne en particulier entre le volet "Qualité" du programme et le programme Facilitation du Commerce Extérieur (FACICO). La coopération porte sur les thèmes de la surveillance des marchés, la sécurité des produits et les associations de consommateurs. » (MR-115222.02)</p> <p><b>Modernisation Secteur Financier – Algeria:</b> The specific value added of the Commission in providing support to PSD <b>not highlighted</b> in programming documents.</p>
<b>I-9.1.3</b>	<b>ALGERIA</b>

	<b>Appui PME/PMI - Algeria</b>
	<b>Maghreb Leasing - Algeria</b>
	<b>Appui aux PME II – Algeria</b>
	<b>Modernisation Secteur Financier - Algeria</b>
<b>JC 9.2</b>	<i>The beneficiaries of Commission PSD support were not in a position to provide or to provide as swiftly and with the same results the support that was provided by the Commission</i>
<b>Findings at JC level</b>	<p><b>La VA au niveau des interventions</b></p> <ul style="list-style-type: none"> <li>• Volet institutionnel: Ouverture de la Commission qui vise les besoins des bénéficiaires</li> <li>• Volet entreprises: apport d'expertise et de savoir-faire, une expertise qui fait défaut dans le pays presque plus que le financement selon plusieurs interlocuteurs rencontrés tant des pouvoirs publics que dans le milieu des entreprises :</li> </ul> <p>Une responsable de PME explique à ce propos :</p> <p><i>« Nous sommes tournés vers le programme de la Commission PME I en 2003. C'était précieux car surtout un soutien immatériel, importance de l'expertise [...]L'appui de la Commission nous a permis d'acquérir des outils qui nous ont été précieux pour notre développement. Nous n'aurions pas pu le faire ou peut-être oui mais pas dans ce laps de temps là et de façon très efficace. » (MN 751)</i></p>
<b>I-9.2.1</b>	Evidence provided in strategy, programming documents and reports that show that beneficiaries at macro, meso- and micro level were not in a position to provide the support
<b>I-9.2.2</b>	Stakeholders consider that beneficiaries at macro, meso- and micro level were not in a position to provide the support
<b>I-9.2.1</b>	<p><b>ALGERIA:</b> No evidence</p> <p><b>Appui PME/PMI – Algeria:</b> No evidence</p> <p><b>Maghreb Leasing – Algeria:</b> Commission's support was critical for the creation of the leasing company benefiting SMEs. So beneficiaries would not have been in a position to create such a structure even though this is not expressed in the programming documents.</p> <p><b>Appui aux PME II – Algeria :</b> No evidence</p> <p><b>Modernisation Secteur Financier – Algeria:</b> No evidence</p>
<b>I-9.2.2</b>	<p><b>ALGERIA</b></p> <p><b>Appui PME/PMI - Algeria</b></p>

	<b>Maghreb Leasing - Algeria</b>
	<b>Appui aux PME II – Algeria</b>
	<b>Modernisation Secteur Financier - Algeria</b>
<b>JC 9.3</b>	<b><i>The Commission's grant support had specific benefits</i></b>
<b>Findings at JC level</b>	<p>Malgré l'évolution de la stratégie nationale avec l'objectif de l'Algérie de ne plus avoir de dette extérieure, la Commission a pu poursuivre son soutien sous formes de dons alors que les banques de développement comme la BAD, la BM, la SFI ont du limiter leur soutien (AT) ou l'interrompre. <b>Dans le contexte actuel Algérien, le fait que la coopération de la Commission soit sous forme de dons lui a tout simplement permis de maintenir sa coopération contrairement à d'autres acteurs.</b></p> <ul style="list-style-type: none"> <li>• Ces acteurs perçoivent cette VA et soulignent à ce propos l'intérêt de travailler avec la Commission (MN 759)</li> </ul>
<b>I-9.3.1</b>	Areas of PSD support selected by the Commission are generally not considered as fit for loan funding or for other financing modalities
<b>I-9.3.2</b>	Evidence provided in evaluation/ monitoring reports on the value added of the Commission through blending grant funding with other modes and sources of funding
<b>I-9.3.3</b>	Stakeholders consider that the Commission had value added through blending grant funding with other modes and sources of funding
<b>I-9.3.4</b>	Elements provided in strategy, programming documents, and reports that show other specific benefits of grant funding for the interventions
<b>I-9.3.5</b>	Stakeholders are able to show other specific benefits of the grant funding for the PSD support provided
<b>I-9.3.1</b>	<p><b>ALGERIA:</b> No evidence</p> <p><b>Appui PME/PMI – Algeria:</b> No evidence</p> <p><b>Maghreb Leasing – Algeria:</b> No evidence</p> <p><b>Appui aux PME II – Algeria :</b> No evidence</p> <p><b>Modernisation Secteur Financier – Algeria:</b> No evidence</p>
<b>I-9.3.2</b>	<p><b>ALGERIA</b></p> <p><b>Appui PME/PMI – Algeria:</b> No reference to Commission's VA in final evaluation report and so not on this aspect either (furthermore no evidence of blending).</p> <p><b>Maghreb Leasing – Algeria:</b></p>

	<p>Evidence that the EIB loan (financed by the Commission's FEMIP) "<i>gave confidence to Tunisian and European financial institutions, which joined TLG as shareholders of M<sub>LA</sub> and paved the way for other financial institutions, thereby inducing an important catalytic effect [...] The operation illustrates the effective coordination among the EIB, the EU Member States development agencies and the IFC</i>" (pp.4-5)</p> <p><b>Appui aux PME II – Algeria :</b> No reference to Commission's VA in the ROM exercise and so not on this aspect either (furthermore no evidence of blending).</p> <p><b>Modernisation Secteur Financier – Algeria:</b> No reference to Commission's VA in the ROM exercise and so not on this aspect either (furthermore no evidence of blending).</p>
I-9.3.3	<b>ALGERIA:</b>
	Appui PME/PMI - Algeria
	Maghreb Leasing - Algeria
	Appui aux PME II – Algeria
	Modernisation Secteur Financier - Algeria
I-9.3.4	<b>ALGERIA:</b> No evidence
	<b>Appui PME/PMI – Algeria:</b> No evidence
	<b>Maghreb Leasing - Algeria</b>
	<b>Appui aux PME II – Algeria :</b> No evidence
	<b>Modernisation Secteur Financier – Algeria:</b> No evidence
I-9.3.5	<b>ALGERIA</b>
	Appui PME/PMI - Algeria
	Maghreb Leasing - Algeria
	Appui aux PME II – Algeria
	Modernisation Secteur Financier - Algeria
<b>JC 9.4</b>	<i>The Commission had a specific value added compared to the support provided by other public actors, in particular but not only EU MS</i>
<b>Findings at JC level</b>	
<b>I-9.4.1</b>	Documents show and stakeholders consider that the Commission's support at country and/or intervention level was of significant financial weight compared to the support provided by other actors
<b>I-9.4.2</b>	Documents show and stakeholders consider that the Commission provided a technical expertise that could not be provided by other actors (to the extent

	possible to be broken down by area of intervention)
I-9.4.3	Documents show and stakeholders consider that the Commission infused EU best practice and standards through its support
I-9.4.4	Documents show and stakeholders consider that the Commission's procedures) offered advantages compared to those of other actors
I-9.4.5	Documents show and stakeholders consider that the fact that the support was provided by the Commission as representing the EU offered specific advantages
I-9.4.6	Documents show and stakeholders consider provide examples of other types of VA
I-9.4.1	<b>ALGERIA:</b> No evidence
	<b>Appui PME/PMI – Algeria:</b> No evidence
	<b>Maghreb Leasing – Algeria:</b> No evidence
	<b>Appui aux PME II – Algeria :</b> A ROM report informs that no other actors in the sector: <i>“Aucun donateur n'intervient actuellement sur le secteur concerné par le programme. Des interventions ont été menées dans le passé par les organismes de coopération bilatéraux de trois états membres: la France, l'Allemagne et l'Espagne. » (MR-115222.01)</i>
	<b>Modernisation Secteur Financier – Algeria:</b> No evidence
I-9.4.2	<b>ALGERIA:</b> No evidence
	<b>Appui PME/PMI – Algeria:</b> No evidence
	<b>Maghreb Leasing – Algeria:</b> The intervention was in fact implemented by the EIB
	<b>Appui aux PME II – Algeria :</b> No evidence
	<b>Modernisation Secteur Financier – Algeria:</b> No evidence
I-9.4.3	<b>ALGERIA:</b> No evidence
	<b>Appui PME/PMI – Algeria:</b> No evidence
	<b>Maghreb Leasing – Algeria:</b> No evidence

	<p><b>Appui aux PME II – Algeria :</b> No evidence</p>
	<p><b>Modernisation Secteur Financier – Algeria:</b> No evidence</p>
I-9.4.4	<p><b>ALGERIA:</b> No evidence</p>
	<p><b>Appui PME/PMI – Algeria:</b> No evidence</p>
	<p><b>Maghreb Leasing – Algeria:</b> No evidence</p>
	<p><b>Appui aux PME II – Algeria :</b> To the contrary, according to ROM report, <b>Commission’s procedures are pointed more as a disadvantage to the programme</b> (notably to its timely implementation see I-3.4.1):</p> <p><i>« L'exécution du programme n'a débuté qu'en mai 2009, soit 14 mois après la signature de la Convention de Financement. Les raisons de ce retard incombent à la lourdeur des procédures de la DCE et à des différences de point de vue entre les ministères bénéficiaires. » (MR-115222.02)</i></p>
	<p><b>Modernisation Secteur Financier – Algeria:</b> To the contrary, according to ROM report, <b>Commission’s procedures more specifically the management are pointed more as a disadvantage to the programme</b> (see I-3.5.4):</p>
I-9.4.5	<p><b>ALGERIA:</b> No evidence</p>
	<p><b>Appui PME/PMI – Algeria:</b> No evidence</p>
	<p><b>Maghreb Leasing – Algeria:</b> The evaluation report emphasise that this intervention is a good illustration “<i>of effective coordination among the EIB, the EU MS development agencies and the IFC</i>”. (p.1)</p>
	<p><b>Appui aux PME II – Algeria</b> No evidence</p>
	<p><b>Modernisation Secteur Financier – Algeria:</b> No evidence</p>
I-9.4.6	<p><b>ALGERIA:</b> No evidence</p>
	<p><b>Appui PME/PMI – Algeria:</b> No evidence</p>
	<p><b>Maghreb Leasing – Algeria:</b> No evidence</p>

	<b>Appui aux PME II – Algeria :</b> No evidence
	<b>Modernisation Secteur Financier – Algeria:</b> No evidence



<b>EQ 10</b>	<b>To what extent were the Commission's organisational set-up and management practices fit to a successful implementation of its PSD support?</b>
<b>Other relevant information (not captured elsewhere)</b>	
<b>JC 10.1</b>	<b><i>The devolution facilitated the implementation of the Commission PSD support</i></b>
<b>Findings at JC level</b>	
<b>I-10.1.1</b>	Stakeholders provide evidence that the devolution to delegations contributed to facilitating to the implementation of PSD support (e.g. better knowledge of local needs/priorities, better interaction with local stakeholders, notably of the private sector, etc.)
<b>I-10.1.2</b>	Stakeholders do not consider that there were major drawbacks of the devolution to delegations in terms of PSD support (e.g. less direct linkages with the European private sector, less coherence in the approach, etc.)
<b>I-10.1.3</b>	Stakeholders, such as major private sector operators in countries, are of the view that the EU Delegations make efforts to understand the private sector fabric and its constraints
<b>I-10.1.1</b>	<p><b>ALGERIA</b></p> <p>Le processus de dévolution a facilité la mise en œuvre du soutien du secteur privé en favorisant la proximité avec le GdA :</p> <p>La Commission est en mesure d'avoir un dialogue politique; concrètement réaffirmer, par exemple, l'importance du rôle du secteur privé dans les efforts entrepris par le GdA de diversification de son économie (MN 740, MN 742, MN 760)</p> <p><b>Appui PME/PMI - Algeria</b></p> <p><b>Maghreb Leasing - Algeria</b></p> <p><b>Appui aux PME II – Algeria</b></p> <p><b>Modernisation Secteur Financier - Algeria</b></p>
<b>I-10.1.2</b>	<p><b>ALGERIA</b></p> <p>« De 2002 à 2005, j'ai suivi tout le processus de déconcentration et je suis convaincu que c'est une bonne chose. Il y a des délais évidemment par rapport au travail avec le siège mais ils ne sont pas extraordinaires en ce sens que nous les connaissons et agissons en conséquence. Par exemple nous commençons notre travail de programmation pour la période 2014-2017 maintenant c'est-à-dire 1,5 an à l'avance.</p> <p>Le négatif est le manque de flexibilité et la côte positive est la planification à long-terme. »</p> <p>(MN 753)</p> <p><b>Appui PME/PMI - Algeria</b></p> <p><b>Maghreb Leasing - Algeria</b></p>

	<b>Appui aux PME II – Algeria</b>
	<b>Modernisation Secteur Financier - Algeria</b>
<b>I-10.1.3</b>	<b>ALGERIA</b>
	<b>Appui PME/PMI - Algeria</b>
	<b>Maghreb Leasing - Algeria</b>
	<b>Appui aux PME II – Algeria</b>
	<b>Modernisation Secteur Financier - Algeria</b>
<b>JC 10.2</b>	<i>The division of responsibilities between different DGs did not hamper an optimal implementation of the Commission's PSD support in the different countries'/regions concerned</i>
<b>Findings at JC level</b>	<p>Selon la Del. UE, en règle générale, la coordination avec les DG ECFIN et Trade est étroite (malgré l'absence d'un représentant de DG Trade au sein de la Del.) et n'entrave donc pas le soutien au secteur privé. (MN 753)</p> <p>Les différentes DG ne réagissent pas toujours aux demandes d'appui et d'information ponctuelles exprimées par la Del. UE au niveau des interventions (MN 747)</p> <p>Par rapport à la coordination avec les opérations centralisées (FEMIP), la Del UE considère qu'elle peut avoir accès à l'information si elle le souhaite mais cette information ne lui ai pas fournie de façon systématique afin qu'elle l'intègre dans son travail de coopération. (MN 760)</p>
<b>I-10.2.1</b>	The Commission had formal mechanisms to ensure collaboration between its different DGs involved with PSD related matters, including in terms of transfer of knowledge on PSD support within and outside the EU
<b>I-10.2.2</b>	Stakeholders consider that Commission support in third countries has benefited from general PSD knowledge and networks present within the Commission
<b>I-10.2.1</b>	<b>ALGERIA:</b> No evidence
	<b>Appui PME/PMI – Algeria:</b> No evidence
	<b>Maghreb Leasing – Algeria:</b> No evidence
	<b>Appui aux PME II – Algeria :</b> No evidence
	<b>Modernisation Secteur Financier – Algeria:</b> No evidence
<b>I-10.2.2</b>	<b>ALGERIA</b>
	<b>Appui PME/PMI - Algeria</b>

	<b>Maghreb Leasing - Algeria</b>
	<b>Appui aux PME II – Algeria</b>
	<b>Modernisation Secteur Financier - Algeria</b>
<b>JC 10.3</b>	<b><i>The Commissions' HR policy was conducive to an optimal design and implementation of its PSD support</i></b>
<b>Findings at JC level</b>	En termes de politiques de RH, la Del. UE sait qu'il existe des formations dans le domaine mais un manque de budget ne permet pas leur bonne mise en œuvre. (MN 760)
<b>I-10.3.1</b>	Existence of a specific HR policy for the management of Commission support to PSD in third countries
<b>I-10.3.2</b>	Existence of sufficient dedicated staff specialised in PSD matters both at HQ and Delegation level
<b>I-10.3.3</b>	Existence of specialised PSD trainings for staff in charge of PSD matters
<b>I-10.3.4</b>	Staff in charge of the Commission's PSD support is conversant with PSD constraints, and are well aware of the strategy and guidance documents, as well as of specific tools developed by the Commission for implementation
<b>I-10.3.5</b>	Stakeholders consider that Commission HR policy was a strength/weakness of PSD support
<b>I-10.3.1</b>	<b>ALGERIA:</b> No evidence
	<b>Appui PME/PMI – Algeria:</b> No evidence
	<b>Maghreb Leasing – Algeria:</b> No evidence
	<b>Appui aux PME II – Algeria :</b> No evidence
	<b>Modernisation Secteur Financier – Algeria:</b> No evidence
<b>I-10.3.2</b>	<b>ALGERIA</b>
	<b>Appui PME/PMI – Algeria:</b> No evidence
	<b>Maghreb Leasing – Algeria:</b> No evidence
	<b>Appui aux PME II – Algeria :</b> No evidence
	<b>Modernisation Secteur Financier – Algeria:</b> No evidence
<b>I-10.3.3</b>	<b>ALGERIA</b>
	<b>Appui PME/PMI – Algeria:</b>

	No evidence
	<b>Maghreb Leasing – Algeria:</b> No evidence
	<b>Appui aux PME II – Algeria :</b> No evidence
	<b>Modernisation Secteur Financier – Algeria:</b> No evidence
<b>I-10.3.4</b>	<b>ALGERIA</b>
	<b>Appui PME/PMI – Algeria:</b> No evidence
	<b>Maghreb Leasing – Algeria:</b> No evidence
	<b>Appui aux PME II – Algeria :</b> No evidence
	<b>Modernisation Secteur Financier – Algeria:</b> No evidence
<b>I-10.3.5</b>	<b>ALGERIA</b>
	<b>Appui PME/PMI - Algeria</b>
	<b>Maghreb Leasing - Algeria</b>
	<b>Appui aux PME II – Algeria</b>
	<b>Modernisation Secteur Financier - Algeria</b>
<b>JC 10.4</b>	<i>The Commission developed and used specific tools and guidance to facilitate the design and implementation of its PSD support</i>
<b>Findings at JC level</b>	
<b>I-10.4.1</b>	Description of available tools and guidance for the Commission support to PSD
<b>I-10.4.2</b>	Knowledge and use of these tools and guidance by Commission staff in charge of support to PSD
<b>I-10.4.3</b>	Commission staff expressed the view that these tools and guidance were useful
<b>I-10.4.1</b>	<b>ALGERIA:</b> No evidence
	<b>Appui PME/PMI – Algeria:</b> No evidence
	<b>Maghreb Leasing – Algeria:</b> No evidence
	<b>Appui aux PME II – Algeria :</b> Yes, two types of guidance were used by the Commission: <ul style="list-style-type: none"> <li>• It used the experience of PME I as guidance for the design and</li> </ul>

	<p><b>implementation of PME II:</b></p> <p>« Dans une large mesure, la conception du programme s'est appuyée sur l'expérience acquise dans le cadre du Programme d'Appui au Développement des PME/PMI (dit PME 1) qui s'est déroulé de 2001 à fin 2007 et a permis de fournir de l'assistance technique direct à environ 400 entreprises algériennes. Diverses personnes ayant participé à la mise en œuvre de ce programme ont eu un rôle important dans la définition du programme actuel, dit PME2. C'est notamment le cas du président du Comité de Pilotage. Il a donc été largement fait usage de l'expérience acquise. » (MR-115222.01)</p> <p>This hasn't prevented the programme from running into design problems as highlighted under EQ6.</p> <ul style="list-style-type: none"> <li>• <b>It used the comments made by the Quality Support Group (QSP) on the Action Fiche as guidance.</b></li> </ul> <p>A ROM report gives a positive answer to the two questions bellow:</p> <p>« Les commentaires faits dans les check-lists et les minutes des QSG, sur la qualité et le contenu de la Fiche d'Action (particulièrement en ce qui concerne l'analyse des parties prenantes et des besoins, l'évaluation des capacités institutionnelles du partenaire mettant en œuvre le projet, les risques et les hypothèses), se sont-ils avérés exacts/pertinents? » (MR-115222.02)</p> <p>« Les commentaires ont-ils été pris en considération et inclus dans les documents du projet, par exemple DTA, conventions de financement, Log frame, rapports de démarrage, etc.? Le cas échéant, ont-ils abouti à une amélioration de la mise en œuvre du projet? » (MR-115222.02)</p> <p><b>Modernisation Secteur Financier – Algeria:</b></p> <p>No evidence</p>
I-10.4.2	<p><b>ALGERIA</b></p> <p><b>Appui PME/PMI – Algeria:</b></p> <p><b>Maghreb Leasing - Algeria</b></p> <p><b>Appui aux PME II – Algeria :</b></p> <p>See previous indicator</p> <p><b>Modernisation Secteur Financier - Algeria</b></p>
I-10.4.3	<p><b>ALGERIA</b></p> <p>Au stade de l'identification et de la formulation, la Del UE confirme un lien étroit avec le QSG dans ce processus notamment pour être informé de l'existence de nouveaux documents importants comme des lignes directrices à suivre</p> <ul style="list-style-type: none"> <li>• Ne pas sous-estimer le facteur humain dans l'utilité du QSG</li> <li>• Une bonne collaboration avec l'unité thématique en amont est établie et considérée comme primordiale pour éviter les problèmes en aval</li> </ul> <p>(MN760)</p> <p><b>Appui PME/PMI - Algeria</b></p> <p><b>Maghreb Leasing - Algeria</b></p> <p><b>Appui aux PME II – Algeria</b></p>

	<b>Modernisation Secteur Financier - Algeria</b>
<b>JC 10.5</b>	<b><i>The Commission monitored/evaluated its support to PSD and used and disseminated the results</i></b>
<b>Findings at JC level</b>	La Commission a évalué son soutien au secteur privé ce qui lui a permis de faire des ajustements entre PME I et PME II
<b>I-10.5.1</b>	The Commission developed specific systems and sets of indicators to monitor and evaluate its support to PSD both at HQ and country level
<b>I-10.5.2</b>	The above mentioned monitor/evaluation systems were operational
<b>I-10.5.3</b>	The results of the monitoring and evaluations were disseminated and used to redirect strategies and programming
<b>I-10.5.4</b>	Stakeholders consider that monitoring and evaluation systems were useful to improve design and implementation of the PSD support
<b>I-10.5.1</b>	<p><b>ALGERIA:</b> No evidence</p> <p><b>Appui PME/PMI – Algeria:</b> An evaluation plan was foreseen in the FA of the intervention (p.28): External evaluation: mid-term and final Internal monitoring: <i>« Suivi interne : De plus, un système de suivi-évaluation (SSE) interne sera mis en place par l'équipe de l'Unité de gestion sur base d'indicateurs de performance mesurables et fiables qui seront proposés dans le POG. »</i></p> <p><b>Maghreb Leasing – Algeria:</b> No mention of a M&amp;E plan. The intervention was however evaluated in the context of a more global evaluation of “Operations financed by the EIB in Neighbourhood and Partnership Countries between 2000 and 2008.” This evaluation was notably structure around the five evaluation criteria.</p> <p><b>Appui aux PME II – Algeria :</b> A monitoring and evaluation plan was foreseen in the FA of the intervention (pp.29-30):</p> <ul style="list-style-type: none"> <li>• monitoring: one done internally by the beneficiary and one external ROM</li> <li>• external evaluations (mid-term and final)</li> </ul> <p>BUT, according to ROM exercise, <b>problems at the level of indicators:</b> <i>« En conséquence, les IOV sont attachés aux objectifs et non aux activités. Ils sont généraux, peu mesurables et suffisamment vagues pour être vus comme réalistes. » (MR-115222.01)</i></p> <p><b>Modernisation Secteur Financier – Algeria:</b></p> <ul style="list-style-type: none"> <li>• An <b>evaluation plan was foreseen in the FA</b> of the intervention (p.22): the mid-term evaluation could be performed but not the final evaluation notably due to a problem of human resources at the level of the Delegation (<i>End of Programme Note sent by Delegation</i>)</li> <li>• The programme was monitored four times (one <i>ex-post</i> ROM report)</li> </ul>

	No specific mention on indicators, the overall assessment with respect to Impact in the last <i>ex-post</i> report is C probably because if on the one hand the programme demonstrated that the modernisation of the banking sector was possible <b>on the other it totally lost sight of its PSD component included in the overall objective of the project.</b>
I-10.5.2	<b>ALGERIA:</b> No evidence
	<b>Appui PME/PMI – Algeria:</b> Evidence that this was the case as these M&E tools were used to redirect strategy:  <i>« Tenant compte des résultats et des recommandations de l'étude d'impact, de l'évolution du contexte et des acquis des PME appuyées pendant les années précédentes du programme, l'équipe de gestion de EDPME [name of the intervention] a élaboré un document intitulé « Réorientations Stratégiques » et des stratégies en conséquence. » (p.23)</i>
	<b>Maghreb Leasing – Algeria:</b> The evaluation was conducted and gave an overall good rating to the intervention
	<b>Appui aux PME II – Algeria :</b> The ROM exercise is being conducted
	<b>Modernisation Secteur Financier – Algeria:</b> With the exception of the final evaluation, all other M&E activities were implemented.
I-10.5.3	<b>ALGERIA:</b> The CSP 2007-2013 does mention results of evaluation with respect to support to SMEs to influence future support:  <i>“The initiatives undertaken as part of Community cooperation programmes have demonstrated the need to strengthen and revitalise technical support centres to adapt them to the new requirements arising from an increase in the number of businesses in a particular sector.” (p.29)</i>  <i>“[D]irect support for the modernisation efforts of Algerian private SMEs (as a follow-up to the SME development support programme in accordance with the final evaluation)” (p.29)</i>
	<b>Appui PME/PMI – Algeria:</b> See previous indicator.
	<b>Maghreb Leasing – Algeria:</b> No evidence
	<b>Appui aux PME II – Algeria :</b> No evidence at this stage.
	<b>Modernisation Secteur Financier – Algeria:</b> Some results of the monitoring were used this was the case for the advise on the “twining” which was eventually replaced:  <i>« 1) Ministère des finances et la Délégation: définir d'un commun accord les suites à donner à l'Activité "Jumelage", permettant de dynamiser le projet, et de le renforcer budgétairement et, si possible, dans le temps, avec une prolongation de 12 mois. » (MR-10166.01)</i>

	<p>BUT unfortunately <b>it was not the case for the advise precisely related to the PSC component of the programme</b> where no effort were made to create synergies with the other PME/PMI programme or to make sure that the programme on the financial sector fulfilled also the part of its global objective related to SMEs.</p> <p>« 5) UGP: développer les liens de coordination et d'information et, là ou ceci est utile pour le projet, de mise en synergie avec d'autres projets qui soutiennent la mise à niveau (SME, formation dans le domaine des assurances, privatisation » (MR-10166.01)</p>
I-10.5.4	<b>ALGERIA</b>
	<b>Appui PME/PMI - Algeria</b>
	<b>Maghreb Leasing - Algeria</b>
	<b>Appui aux PME II – Algeria</b>
	<b>Modernisation Secteur Financier - Algeria</b>
<b>JC 10.6</b>	<b><i>The Commission developed and used specific mechanisms to ensure capitalisation and sharing of its knowledge with respect to PSD</i></b>
<b>Findings at JC level</b>	
<b>I-10.6.1</b>	Description of existing mechanisms (networks, working groups, etc.) to ensure capitalisation of Commission knowledge on PSD both among Commission staff concerned with implementation of PSD support inside and outside the EU
<b>I-10.6.2</b>	Knowledge and involvement of staff concerned with PSD support in third countries with these mechanisms
<b>I-10.6.3</b>	Stakeholders expressed the view that these mechanisms are useful, with specific results generated and possible drawbacks
<b>I-10.6.1</b>	<b>ALGERIA</b> No evidence
	<b>Appui PME/PMI – Algeria:</b> No evidence of mechanism to ensure capitalisation of Commission knowledge but following signing of third addendum to the FA the GoA decided to create a “Cellule de Transfer et de Pérennisation” with two objectives: « i Conforter à la pérennisation du programme EDPME 1 dans son volet : continuation des activités relatives à l'accès au crédit (FGAR) et ii. Conforter la pérennisation au niveau du volet 3 par le transfert de savoir faire à l'ANDPME et l'appui à cette nouvelle institution dans le démarrage du Programme National de Mise à Niveau du MPMEA ; »
	<b>Maghreb Leasing – Algeria:</b> No evidence
	<b>Appui aux PME II – Algeria</b>
	<b>Modernisation Secteur Financier – Algeria:</b> No evidence of such mechanism to benefit Commission staff but evidence of such mechanism to benefit stakeholders in third country (see indicator below).



I-10.6.2	<b>ALGERIA</b>
	<b>Appui PME/PMI – Algeria:</b> Transfer of knowledge to institutions in third country (see previous indicator)
	<b>Maghreb Leasing - Algeria</b>
	<b>Appui aux PME II – Algeria :</b> <b>Not really a mechanism</b> but as mentioned under JC 10.4 evidence of <b>capitalization of PSD knowledge in the country</b> to design this intervention.
	<b>Modernisation Secteur Financier – Algeria:</b> The programme foresaw the creation of a <i>cellule ad hoc</i> to pursue the activities previously undertaken by the UGP <b>but this did not happen</b> and was one of the <b>reasons for the Commission not willing to intervene again in the sector</b> (according to the End of Programme Note send by EUD):  De plus, après la fin du programme, aucun soutien institutionnel de suivi du projet n'avait réellement été mis en œuvre par les autorités algériennes (ex. la cellule ad hoc devant poursuivre les activités réalisées par l'UGP n'a pas été créée) bien qu'une stratégie de projet avait été clairement élaborée par le projet, voire même chiffrée. Ceci a mené la Délégation à ne plus considérer un programme dans ce secteur.
I-10.6.3	<b>ALGERIA</b>
	<b>Appui PME/PMI - Algeria</b>
	<b>Maghreb Leasing - Algeria</b>
	<b>Appui aux PME II – Algeria</b>
	<b>Modernisation Secteur Financier - Algeria</b>



## No. 1: CAIPA – Caribbean region

<b>PROINVEST – Strengthening of the Caribbean Association of Investment Promotion Agencies (CAIPA) (FED/2000/015-345)</b>	
<b>Intervention Type</b>	General Budget Support
	Sector Budget Support
	✓ Project-approach
<b>Start date &amp; End date</b>	<ul style="list-style-type: none"> <li>▪ <i>Start Date:</i> 02/06/2010</li> <li>▪ <i>End Date:</i> 2012 (based on the evaluation's inventory)</li> </ul>
<b>Budget: committed, contracted, disbursed</b>	<ul style="list-style-type: none"> <li>▪ <i>Committed:</i> €1.1m</li> <li>▪ <i>Contracted:</i> €0.6m</li> <li>▪ <i>Disbursed:</i> €0.5m</li> <li>▪ <i>Total budget:</i> €2.2m</li> </ul>
<b>Beneficiary</b>	<ul style="list-style-type: none"> <li>▪ <i>Direct Beneficiary:</i> The Investment Promotion Agencies (or Ministries doing such function) in the 15 ACP Caribbean Countries</li> <li>▪ <i>End beneficiaries:</i> The business community and society of the 15 CARIFORUM Member States.</li> </ul>
<b>Country/Region</b>	<p>15 ACP Caribbean Countries: Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines, Suriname and Trinidad and Tobago.</p> <p>CAIPA has been headquartered at Caribbean Export in Barbados.</p>
<b>Intervention Description</b>	Intervention to support the capacity development of the Caribbean Association of Investment Promotion Agencies (CAIPA), an umbrella organization created in 2007 to facilitate the collaboration of the Investment Promotion Agencies (IPAs) of the 15 Members States of CARIFORUM in order to attract greater Foreign Direct Investment (FDI) to the region.
<b>Intervention Background &amp; History</b>	No background history obtained during desk phase.
<b>Overall objectives</b>	The promotion of a strong network of CARIFORUM Investment Promotion Agencies with the view of fostering joint actions in the attraction of foreign direct investment at national and regional level, in view of the sustainable development of the 15 Members States of CARIFORUM. (source: <i>grant contract</i> ).
<b>Specific objectives</b>	<ol style="list-style-type: none"> <li>1. The strengthening of CAIPA's Secretariat within the Caribbean Export Development Agency, including the recruitment of suitable staff and training</li> <li>2. The development and implementation of a regional ministerial policy dialogue on "FDI for Development" to give a direction and priority focus to guide CAIPA and its member IPAs</li> <li>3. Devise the critical core functions necessary for all IPAs and provide the required training and capacity building, to enable them to effectively undertake their national and regional mandates</li> <li>4. To promote and develop cooperation and exchange of best-practices amongst CARIFORUM IPAs as well as an efficient information gathering and exchange systems;</li> <li>5. Provide mechanisms that will allow for the promotion as a region for the attraction of new investment</li> <li>6. Provide Caribbean IPAs with a resource centre that will facilitate the provision of research and general data to assist IPAs in undertaking investment promotion.</li> </ol>

	(source: <i>grant contract</i> ).
<b>Expected results</b>	<ol style="list-style-type: none"><li>1. A general improvement in the Caribbean region of the enterprise environment as it impacts on the ability to attract new investment.</li><li>2. A sharing of knowledge and experience between individual IPAs in the region through the strengthening of CAIPA</li><li>3. Laying the foundation for the increase competitiveness of the CARIFORUM region for Investment. (source: <i>grant contract</i>).</li></ol>
<b>Main Activities</b>	Arbitration; Regional linkages; Training; Hands-on practical implementation; International marketing; Sector analysis/Niche development study; Providing secretarial services to Member countries; Study tours to IPA in the European Union and Regional Conference on Investment Promotion. (source: <i>grant contract</i> ).

## No. 2: DRGEP (GBS) - Jamaica

Debt Reduction and growth Enhancement Programme (DRGEP) (FED/2008/021-024)		
<b>Intervention Type</b>	✓	General Budget Support (centralized management).
		Sector Budget Support
		Project-approach
<b>Start date &amp; End date</b>	<ul style="list-style-type: none"> <li>▪ <i>Start Date:</i> end 2008</li> <li>▪ <i>End Date:</i> end 2011</li> </ul>	
<b>Budget: committed, contracted, disbursed (based on the inventory)</b>	<ul style="list-style-type: none"> <li>▪ <i>Committed:</i> originally: €40m, revised value: €57m, following addition of €17m under FLEX.</li> <li>▪ <i>Contracted:</i> €56.6m</li> <li>▪ <i>Disbursed:</i> €43.3m</li> </ul> <p>Specifically in the area of PSD, only condition n°7 (out of the GBS's 9 conditions) is PSD relevant. It is in the area of the simplification of business procedures. The financial breakdown is as follows:</p> <ul style="list-style-type: none"> <li>▪ Activity 7.A.I - €1.455m: Approval by the Office of the Prime Minister Local Government Department of "Standardized Building Application Forms and Assessment Forms" and "New Building Code Completeness Checklist" for development approvals</li> <li>▪ Activity 7.A.II - €0.733m: Approval by Cabinet of "Flow Charts and Procedures Manual for All profiles of Applications in the Business Process" aimed at ensuring a 90-day response time for all applications.</li> <li>▪ Activity 7.A.III - €0.733m (originally 1.466m in the first version of the FA): Tabling in Parliament of new Building Act</li> <li>▪ Activity 7.B.III - €0.733m: Reduce transfer tax and stamp duties for land transactions.</li> </ul> <p>(Source: <i>Table C: Specific conditions and sources of verification for the release of tranches, Financial Agreement, p.11</i>).</p>	
<b>Beneficiary</b>	<ul style="list-style-type: none"> <li>▪ <i>Direct Beneficiary:</i> Jamaican State. Specific institutional stakeholders are the Cabinet Office, the Planning Institute of Jamaica, and the relevant line ministries, departments and agencies</li> <li>▪ <i>End beneficiaries:</i> the resident population at large, as DRGEP aims at improving general socio-economic welfare, public governance and business climate.</li> </ul>	
<b>Country/Region</b>	Jamaica (nation-wide)	
<b>Intervention Description</b>	<p>There are 9 proposed conditions for the GBS programme. They are all derived from Jamaica's development strategy paper, the Medium Term Socio-Economic Framework 2009-2012 (MTF 2009-2012), and have been identified by the GoJ and the EC Delegation as priority areas of intervention for social and economic development of the country. The 9 selected conditions are structured in 4 areas, namely:</p> <ul style="list-style-type: none"> <li>▪ Debt containment and fiscal accountability mechanisms aimed at effectively reversing the public debt build-up dynamics.</li> <li>▪ State divestiture from debt-creating and non-core public service entities aimed at effectively reducing current fiscal deficits and public debt.</li> <li>▪ <b>Business administrative and tax reforms aimed at stimulating private initiative, productive investment, growth and social cohesion.</b></li> <li>▪ Improvement in the allocation of the budget for Education.</li> </ul> <p>(Source: <i>Financial Agreement, p.5</i>).</p>	

<b>Intervention Background &amp; History</b>	No background history obtained during desk phase.
<b>Overall objectives</b>	To contribute to improving the welfare of the Jamaican people by reducing public debt stock and removing other public governance obstacles to sustained high economic growth rates. Reduced debt service payments can favour GoJ's social expenditure in compliance with the longer-term objective of poverty reduction. (Source: <i>Financial Agreement</i> ).
<b>Specific objectives</b>	To contribute to achieve a marked reversal in existing public debt build-up dynamics, by strengthening public finance and debt management, divesting the State from debt-creating entities and improve business environment therefore making financial resources available for non-debt public expenditure. In particular DRGEP will provide an incentive to pursue: (a) debt containment, fiscal accountability mechanisms and implementation of PFM reforms as recommended by several studies and assessments. (b) State divestiture from debt-creating and non-core public service entities; (c) business administrative and tax reforms. (d) Improvement in the allocation of the budget for Education. (Source: <i>Financial Agreement</i> ).
<b>Expected results</b>	<p>Expected results include contributions to: (a) Debt containment and fiscal accountability mechanisms are effectively reversing the public debt build-up dynamics. (b) State divestiture from debt-creating and non-core public service entities effectively reduces current fiscal deficits; (c) Simplification of business procedures and reform of the tax system to stimulate private initiatives, productive investment, growth and social cohesion. (d) Improvement of quality of education at primary and secondary level. (Source: <i>Financial Agreement</i>).</p> <p>PSD-related results so far are:</p> <ul style="list-style-type: none"> <li>▪ Activity 7.A.I – compliant – release of €1.455m under the first variable tranche.</li> <li>▪ Activity 7.A.II – compliant.</li> <li>▪ Activity 7.A.III – no information on release of third variable tranche.</li> <li>▪ Activity 7.B.III – no information on release of third variable tranche.</li> <li>▪ As part of the general condition “implementation of the MTF 2009-2012” it has made significant progress in the chapters “enabling business environment” and “internationally competitive industry structures”.</li> </ul> <p>The first and second variables tranche were fully disbursed (€13.1m and €13.2m respectively). (Source: EUD, <i>Note to the attention of Director AIDCO C on the request of Government of Jamaica for the disbursement of the first variable tranche of the DRGEP together with the EUD Disbursement Decision, 2009</i> and Planning Institute of Jamaica, <i>Full analysis and justification for their request for the release of the second variable tranche</i>, no date).</p>
<b>Main Activities</b>	Policy dialogue on achievement of the expected results; ensuring predictability of flow of funds to the Treasury through timely and accurate monitoring of disbursement conditions for the release of the tranches. Activities will also include consultations with other donors on GoJ's achievements. The average annual disbursement of the entire General Budget Support Programme represents about 0.5% of GoJ's total budget expenditure (€4.4 billion) and about 1.4% of the capital expenditure in FY 2008/09 (€1.7 billion Public debt to GDP ratio in FY 2007/08 is estimated to be 127.4%, while total public debt stock is currently valued at 1,002 billion J\$ or 14 billion US\$. (Source: <i>Financial Agreement</i> ).

## No. 3: Competitive Jamaica / PSDP - Jamaica

« Competitive Jamaica » - Private Sector Development Programme (PSDP) (FED/2003/016-410)	
Intervention Type	General Budget Support
	Sector Budget Support
	✓ Project-approach
Start date & End date	<ul style="list-style-type: none"> <li>▪ <i>Start Date:</i> 03/2004 (date of signature of contract)</li> <li>▪ <i>End Date:</i> 12/2009. The execution period was extended by two years.</li> </ul>
Budget: committed, contracted, disbursed (based on the inventory)	<ul style="list-style-type: none"> <li>▪ <i>Committed:</i> initially €28.7m, with participation from GoJ of €8.7m. Commission contribution reduced in November 2007 to €17.5m when €2.5m was de-committed from the EDF portion of the programme for the Hurricane Dean relief effort.</li> <li>▪ <i>Contracted:</i> €14.5m</li> <li>▪ <i>Disbursed:</i> €14.4m</li> <li>▪ <i>Total initial budget:</i> €28.7m, with participation from GoJ of €8.7m.</li> </ul>
Beneficiary	<ul style="list-style-type: none"> <li>▪ <i>Direct Beneficiary:</i> Jamaica Trade and Invest (JTI – JAMPRO) and Jamaica Business Development Corporation (JBDC)</li> <li>▪ <i>End beneficiaries :</i> Micro, small and medium enterprises (MSMEs) providing goods or services for the local and export markets, Private Sector Organisations (PSOs) and Support Institutions offering business support services</li> </ul>
Country/Region	Jamaica (nation-wide)
Intervention Description	<p>“The programme aimed at increasing the private sector’s contribution to Jamaica’s socioeconomic development, in particular that of micro, small and medium enterprises (MSMEs). It sought to address competitive challenges faced by the MSME sector in view of economic liberalisation and globalisation, focusing on the improvement of the macro-economic development, the strengthening of capacities of intermediary organisations, enhancement of firm and sector level competitiveness as well as better access to finance. Reflecting these objectives, PSDP had three main components:</p> <ul style="list-style-type: none"> <li>▪ Empowering private sector organizations and support institutions and enhancing national competitiveness,</li> <li>▪ Enhancing enterprise and cluster competitiveness,</li> <li>▪ Enhancing the access of Micro and SMEs to corporate financing.</li> </ul> <p>Under these headings, PSDP had 12 components, implemented through a PMU (programme management unit), which was autonomous, but accommodated within JAMPRO (a.k.a Jamaica Trade and Invest), a state owned agency mandated to promote exports and investments.” (source: ACE International Consultants for the European Commission, <i>Ex-Post evaluation of private sector development programme</i>, 2011, p.7-8).</p>
Intervention Background & History	<p>“In October 2006, a mid-term review of PSDP was undertaken. The review raised concerns with regard to the slow implementation progress of PSDP at the time, the main cause of which was perceived in the unpreparedness and incertitude with regard to applying 9th EDF rules. [...]The mid-term review recommended that a strategic plan be elaborated, that additional competent staff be hired for the PMU and that the approach of the PSDP was modified, including catering for smaller firms and the informal sector, and in particular clusters of small enterprises”.</p> <p>(Source: ACE International Consultants for the European Commission, <i>Ex-Post evaluation of private sector development programme</i>, 2011, p.17-8).</p> <p>“The Financing Agreement of PSDP was changed twice, one rider extending the execution period by two years, while another de-committed 2.5 Million Euro from the EU contribution towards a programme supporting the hurricane Dean relief efforts. Also, technical adjustments were made, relating to the cost sharing ratio for MSME grants as well</p>

	as the targets of cost sharing related to BDS and market development activities.” (Source: ACE International Consultants, <i>Ex-Post evaluation of private sector development programme</i> , 2011, p.8).
<b>Overall objectives</b>	To enhance the perspectives of socio-economic development through the strengthening of the private sector in Jamaica in the challenging context of globalization and the liberalisation of the economy.
<b>Specific objectives</b>	To enhance the competitiveness of micro, small and medium size Jamaican enterprises and strengthen their support and representative organisations.
<b>Expected results</b>	The programme has three main result areas: (i) Empowerment of private sector and/or public sector support organizations (ii) Enhancement of the competitiveness of firms (iii) Improved access to corporate finance by MSMEs
<b>Main Activities</b>	<p>The programme has been implemented through twelve (12) components as outlined in resulting in over 16,000 (sixteen thousand) interventions. (JAMPRO, <i>Private Sector Development Programme, Final report</i>, 2009).</p> <ul style="list-style-type: none"> <li>▪ <b>Target Growth Competitiveness Committee:</b> To be used as a mechanism for the development of a competitive business environment through the creation of sustainable macro/meso level mechanisms and programmes to promote the attainment of specific targets towards export growth and development.</li> <li>▪ <b>PSO Capacity Building:</b> To enable private sector organizations, micro finance organizations, and other institutions that support the MSME sector to enhance their ability to provide business development services.</li> <li>▪ <b>Cost Sharing BDS:</b> To provide support on a cost sharing basis in order to improve the competence of firms in the MSME sector in the management of business, by addressing issues such as product development, marketing, information technology and corporate governance.</li> <li>▪ <b>Market Penetration:</b> To promote export-led growth and market development programmes by encouraging the private sector to increase its market presence.</li> <li>▪ <b>Export Centres:</b> To positively impact national export performance &amp; competitiveness through the provision of basic and value added export development services to potential and existing exporters throughout the island. The strategic objective of this programme is to reduce the sunken costs of breaking into and penetrating overseas markets.</li> <li>▪ <b>Back Office Services:</b> To provide a network of PSOs that will provide Back Office Services (BOS) to their members by pooling management services such as accounting, payroll, secretariat etc. with a view to reducing costs to individual enterprises and free entrepreneurs' time to focus on developing their businesses.</li> <li>▪ <b>Cluster Sector Initiative:</b> To enhance the competitiveness of targeted industries and sectors by fostering strategic alliances between groups of MSMEs.</li> <li>▪ <b>Business Information Point:</b> To increase firm level competitiveness by providing a range of standardised basic business information required by entrepreneurs in the micro, small and medium sized enterprises (MSMEs) sector.</li> <li>▪ <b>Enterprise Rating and Upgrading:</b> To enhance the competitiveness of Micro Small and Medium Enterprises through a process of assessment, rating, benchmarking and upgrading.</li> <li>▪ <b>Corporate Finance Broker:</b> To improve the access to appropriate and affordable financing for MSMEs.</li> <li>▪ <b>Mutual Guarantee Company:</b> To determine the feasibility of establishing one or more mutual guarantee companies on a pilot basis to provide loan guarantees thereby improving the ability of firms to access finance Most efforts and funding went into component 2, aiming at greater competitiveness of MSMEs.</li> </ul> <p>(JAMPRO, <i>Private Sector Development Programme, Final report</i>, 2009).</p>



## Data Collection Grid – Jamaica

<b>EQ 1</b>	<b>To what extent did the Commission's PSD strategy and programming take into account the recommendations of the 2005 evaluation and the evolution of the overall private sector environment?</b>
<b>JC 1.1</b>	<b><i>The Commission undertook efforts to make sure that the recommendations of the 2005 Evaluation were taken into account</i></b>
<b>Findings at JC level</b>	The 2005 Evaluation has not been mentioned in the country-level documents. It was mentioned in the evaluation report of one of the three selected interventions. The report gives some evidence that no efforts from the Commission were made to ensure that the 2005 PSD evaluation's recommendations were taken into account. However the 2005 PSD evaluation was not known by EUD stakeholders interviewed,
<b>I-1.1.1</b>	Existence of a plan or specific approach for the dissemination of the Recommendations to those responsible for programming and design of interventions
<b>I-1.1.2</b>	Evidence of dissemination of the recommendations to those responsible for programming and design of interventions
<b>I-1.1.3</b>	Commission staff were conversant with the 2005 Evaluation or with the recommendations made in this evaluation
<b>I-1.1.1</b>	<p><b>Jamaica:</b> No evidence of this. The 2005 PSD evaluation was not known by EUD stakeholders interviewed, (MN819, 820, 833)</p> <p><b>CAIPA - Caribbean region:</b> The 2005 Evaluation has not been mentioned in the programming documents.</p> <p><b>DRGEP (GBS) – Jamaica:</b> The 2005 Evaluation has not been mentioned in the programming documents.</p> <p><b>Competitive Jamaica:</b> The ex-post evaluation of the intervention does reference the 2005 PSD evaluation. It indicates that “<i>the evaluation was not yet published at the time of planning of PSDP [...]; however, the risks of approaches of direct provision of services to enterprises were known and intensively discussed at the time of PSDP planning</i>” (p. 23).</p>
<b>I-1.1.2</b>	<p><b>Jamaica:</b> see above.</p> <p><b>CAIPA - Caribbean region:</b> The 2005 Evaluation has not been mentioned in the programming documents.</p> <p><b>DRGEP (GBS) – Jamaica:</b> The 2005 Evaluation has not been mentioned in the programming documents.</p> <p><b>Competitive Jamaica:</b> See above.</p>

I-1.1.3	<b>Jamaica:</b> No evidence of this.
	<b>CAIPA - Caribbean region:</b> The 2005 Evaluation has not been mentioned in the programming documents.
	<b>DRGEP (GBS) – Jamaica:</b> The 2005 Evaluation has not been mentioned in the programming documents.
	<b>Competitive Jamaica:</b> No evidence of this. On the contrary, the ex-post evaluation indicates that <i>“PSDP’s approach is in conflict with several of the above recommendations. [...] It would have been desirable had PSDP taken the recommendations of the evaluation into consideration during its time of implementation and changed its approach accordingly.”</i> (p. 23).
<b>JC 1.2</b>	<i>Specific recommendations of the 2005 evaluation relating to the Commission’s overall PSD Strategy have been taken into account</i>
<b>Findings at JC level</b>	The 2005 Evaluation has not been mentioned in the country-level documents. It was mentioned in the evaluation report of one of the three selected interventions. The report indicated however that the 2005 PSD evaluation’s recommendations had <b>not</b> been taken into account, and that this was detrimental.
<b>I-1.2.1</b>	Evidence of greater clarity at programming level regarding the role of the Commission in PSD (particularly including the link between PSD, economic growth, the development objectives and poverty reduction)
<b>I-1.2.2</b>	Evidence of a process taking place to create a common vision of the Commission’s PSD between HQ and EUD levels
<b>I-1.2.3</b>	Commission programming has prioritised the areas of highest Commission comparative advantage as described by the 2005 evaluation recommendation RS-2
I-1.2.1	<b>Jamaica</b> see above.
	<b>CAIPA - Caribbean region</b> The 2005 Evaluation has not been mentioned in the programming documents.
	<b>DRGEP (GBS) – Jamaica</b> The 2005 Evaluation has not been mentioned in the programming documents.
	<b>Competitive Jamaica:</b> No evidence of this. On the contrary, the ex-post evaluation indicates that <i>“PSDP’s approach is in conflict with several of the above recommendations [ie. The recommendations from the 2005 PSD evaluation]. True, the evaluation was not yet published at the time of planning of PSDP (nor was, for instance, the evaluation of EBAS, which entailed similar recommendations); however, the risks of approaches of direct provision of services to enterprises were known and intensively discussed at the time of PSDP planning. In hindsight, it would have been desirable had PSDP taken the recommendations of the evaluation into consideration during its time of implementation and changed its approach accordingly.”</i> (p. 23).
I-1.2.2	<b>Jamaica</b> No evidence of this.
	<b>CAIPA - Caribbean region</b> The 2005 Evaluation has not been mentioned in the programming documents.

	<p><b>DRGEP (GBS) - Jamaica</b> The 2005 Evaluation has not been mentioned in the programming documents.</p> <p><b>Competitive Jamaica:</b> See above.</p>
<b>I-1.2.3</b>	<p><b>Jamaica</b> No evidence of this.</p> <p><b>CAIPA - Caribbean region</b> The 2005 Evaluation has not been mentioned in the programming documents.</p> <p><b>DRGEP (GBS) - Jamaica</b> The 2005 Evaluation has not been mentioned in the programming documents.</p> <p><b>Competitive Jamaica:</b> See above.</p>
<b>JC 1.3</b>	<b><i>The Commission is aware, through studies and exchanges with other sources of aid for PSD, of the evolution of the private sector environment</i></b>
<b>Findings at JC level</b>	<p>CSPs evidence awareness of the evolution of the private sector environment, mainly (Economic Partnership Agreement, EPA, and Free Trade of the Americas (FTTA), in compliance with WTO commitments). No other documents/sources of information were mentioned. Limited information on the existence of dialogue with other sources of aid for PSD on the evolution of the private sector environment. There is some evidence that the Commission's understanding of Jamaica's private sector environment has informed the Commission's PSD strategies and programming in Jamaica however some shortcomings in the relevance of the programming has been linked to insufficient knowledge of the private sector environment.</p> <p>Overall assistance has been responsive to changes in PSD context; yet flexible approach to adapting assistance constrained by rigidity of EC procedures:</p> <ul style="list-style-type: none"> <li>• AMS Sugar prompted by combined effects of 2008 economic, change in EU pricing regime and end of preferential access under the EU Sugar Protocol and the privatisation process. In 2009, introduction of some changes in the approach and extending timetable for implementation; (MN819, 821)</li> <li>• EBSP, banana prompted by increased market competition and erosion of the preferential access. Shift in assistance away from "competitiveness improvement" to supporting economic diversification and social resilience (MN819, 821, 833)</li> <li>• DRGEP in response to debt overhang (crowding out PS of bank lending), yet Impossibility to include new conditions with the GBS (establishment of credit bureaux, on ease of doing business/paying taxes) due to current impasse with IMF agreement (MN819, 821, 820)</li> <li>• PSDP: no adaptation to economic crisis: timing (ended in 2009) and difficulties in changing programmes. Discussions on whether to assist hard-hit tourism sector. (MN819, 821)</li> <li>• EPA Programme planned after signature in 2008 of EU-CARIFORUM EPA, to support compliance of agriculture and agribusiness exports with</li> </ul>

	international quality standards. (MN819, 821, 822)
I-1.3.1	Existence of Commission documents evidencing awareness of the evolution of the private sector environment
I-1.3.2	Stakeholders report existence of dialogue with other sources of aid for PSD concerning the evolution of the private sector environment
I-1.3.3	Evidence exists that the private sector environment has been taken into account in the Commission's PSD strategies and programming at country/regional level
I-1.3.1	<p><b>Jamaica:</b></p> <p>The CSP 2001-2007 gives a relatively detailed account of the state of the private sector environment in Jamaica, under sections “political, economic and social situation” (p.15) which mention for instance legislative changes in the financial sector, “challenges for economic development” which identify the main shortcomings, notably levels of competitiveness, the state of the financial sector and structural reforms needed to make investment in Jamaica attractive (p.21-22). For instance, the CSP mentions that: “<i>Lack of investment in new technologies has further contributed to lagging competitiveness in many companies, especially SMEs. Under these conditions there is an important risk that the private sector will be slow in responding to the new opportunities provided by macro economic reforms, and by trade liberalisation in the regional (CARICOM), inter-regional (e.g. Cotonou EPAs) and multilateral (WTO) contexts.</i>” (p.28). The CSP also includes an Annex (N°4) which provides a detailed (3 pages) assessment of PSD.</p> <p>As the CSP 2008-2013 is not at all focused on PSD, it does not include any information on the evolution of the private sector environment (I-1.3.1).</p> <p><b>Caribbean region:</b></p> <p>The RSPs for both programming periods are clearly embedded in a context marked by the intensification of regional integration and the implementation of free trade agreements (Economic Partnership Agreement, EPA, and Free Trade of the Americas (FTTA)), in compliance with WTO commitments. Such evolutions require from the private sector to adapt, modernise and become more competitive. This is clearly stated in both RSPs:</p> <ul style="list-style-type: none"> <li>▪ PSD has therefore been deeply influenced by the trade and market liberalization agenda over the evaluation period. 2003-2007 RSP: “<i>An enhanced Caricom market is expected to bring greater efficiency and competitiveness, allowing the Caribbean economies to meet the challenges of globalisation and the erosion of trade preferences from developed countries on which they currently depend heavily.</i>” (p.1) and “<i>Economic liberalisation is linked to the need to improve the competitiveness of the private sector. The agricultural and manufacturing sectors will be threatened by increased international competition, requiring therefore substantial restructuring and resizing. A strategic global repositioning involves export diversification and continuous adjustments in product mixes. Current market developments show that priority should be given to knowledge-based business development, with particular emphasis on services. <b>Key factors of competitive development include education and training, an efficient transport system, a competitive regulatory framework for communication services and the development of the Information Society</b></i>”.</li> <li>▪ The RSP for 2008-2013 underlines the importance of the EPA negotiations between the CARIFORUM states and the EC and its EU MS which were</li> </ul>

	<p>concluded at the end of 2007. The EPA aims to improve access to the EU market in goods and services, including the adoption of a set of trade rules and disciplines (Technical barriers to trade, sanitary and phytosanitary measures, competition, intellectual property etc) (p.23). (I-1.3.1)</p>
	<b>CAIPA - Caribbean region</b> no evidence of this.
	<b>DRGEP (GBS) – Jamaica</b> no evidence of this.
	<b>Competitive Jamaica:</b> No evidence of this.
<b>I-1.3.2</b>	<p><b>Jamaica:</b> Stakeholders reported limited dialogue with other sources of PSD aid concerning the evolution of the private sector environment (MN 819, 820, 833)</p> <p>The CSP 2001-2007 mentions the other development partners active in Jamaica. In the field of PSD, it mentions “<i>Examples of joint co-financing of actions can be found in the Credit Scheme for Micro and Small Enterprises</i>» (p.23). However it doesn’t mention specifically the existence of a dialogue with other sources of aid for PSD concerning the evolution of the private sector environment. (I-1.3.2)</p> <p><b>Caribbean region:</b> At the regional level, the RSPs mention that CARIFORUM was the official instance for political dialogue. However there is no evidence on the importance of PSD within this dialogue. RSP 2003-2007 for CARIFORUM “<i>The Caribbean Forum, Cariforum comprises all Caricom members, with the exception of Monserrat, plus the Dominican Republic and Cuba, the latter having adhered in October 2001. The current purpose of Cariforum is to manage and co-ordinate the policy dialogue with the EU, to manage EDF regional support in the context of its Regional Integration and Development Strategy (RIDS) and to promote the widening of regional integration and co-operation, in particular with the Caribbean OCTs and the French DOMs.</i>” (p.1)</p> <p>The RSP also states that the Commission’s Response Strategy “<i>follows an extensive and co-operative dialogue with Cariforum/Caricom authorities, who carried out formal consultations with National Governments, regional NSAs and civil society.</i>” (p.16) (I-1.3.2)</p>
	<b>CAIPA - Caribbean region</b> See finding at JC level
	<b>DRGEP (GBS) - Jamaica</b> See finding at JC level
	<b>Competitive Jamaica:</b> See finding at JC level
<b>I-1.3.3</b>	<p><b>Jamaica:</b> The Commission’s understanding of Jamaica’s private sector environment, as presented under <b>I-1.3.1</b>, has informed the Commission’s PSD strategies and programming in Jamaica. In the case of the RSPs, information on the private sector environment is limited to the recognition that market and trade liberalisation require adaptation measures.</p> <p>However the country evaluation has identified a number of shortcomings in the relevance of the programming which has been linked to insufficient knowledge of the private sector environment. Indeed, the country-level evaluation which looks at the Commission’s assistance to Jamaica over the period 2002-2007 is rather negative and reports that in fact “<i>Actions to support private sector development, for example, are not fully coordinated with GoJ policy</i>”</p>

	<p><b>towards this sector.</b> In this case, the CSP has minimised the relevance of the fact that the Jamaican economy functions mostly with micro and small scale enterprises, and that the informal economy represents around 40% of the business in Jamaica. The PSDP, however, targets Medium, Small and Micro Enterprises (MSMEs).” (p. 43).</p> <p>The CSP indicates that the EPA’s preparatory phase (2002-2007) “has been used for capacity-building, supporting regional integration, strengthening of regional organisations and enhancement of competitiveness, inter alia through a range of activities under the 9th EDF Regional Programme, all-ACP programmes as well as sector-specific programmes, for instance to facilitate transition in the banana, sugar, rice or rum industries » (p.23). (I-1.3.3).</p> <p>“The EUBSP in Jamaica is in line with both the beneficiary country’s policy and development support framework and the Commission’s SFA objectives. Its initial focus export banana competitiveness has now to diversification towards domestic and export markets for banana and plantain (including achieving GlobalGAP and FT certification), diversification in alternative commodities and income generating activities, and rural development activities (including capacity and institution building for greater resilience and empowerment). This is mainly due to successive hurricane damage which has prevented the original production targets from being achieved.” (Jamaica Country Report: Impact Evaluation of the Special Framework of Assistance for traditional ACP Suppliers of Bananas, period 2006 – 2008)</p>
	<b>CAIPA - Caribbean region</b> see finding at JC level.
	<b>DRGEP (GBS) - Jamaica</b> see evidence at JC level.
	<p><b>Competitive Jamaica:</b></p> <p>The ex-post evaluation gives evidence of the contrary, indicating that “The review of the logic and programme components also reveals that <b>the current strategy’s greatest limitation is that the meso and micro levels of intervention were heavily stressed in its design, without taking full account of the Communication on PSD development in ACP countries (COM1998/667):</b> “The constraints on private enterprise in developing countries are primarily connected with the role of the public sector” (page 22). <b>This probably stems from the lack of a detailed analysis of the investment climate in the CSP, in the pre-feasibility study for the PSDP, and consequently in the FA. This analysis is supposed instead to be carried out by the PSDP as one of the activities of the Competitiveness Committee.</b>” (p.31).</p>
<b>JC 1.4</b>	<b>Policy documents and surveys relating to PSD and the quality of aid have been taken into account by the Commission</b>
<b>Findings at JC level</b>	No evidence except for extensive consultation of other international partners in the frame of the DRGEP (GBS) of this (MN819, 820, 833).
<b>I-1.4.1</b>	Documents show that new policy recommendations have been taken into account
<b>I-1.4.2</b>	Stakeholders report existence of internal dialogue or other process(es) that take into account new policy recommendations regarding quality of PSD aid
<b>I-1.4.1</b>	<p><b>Jamaica:</b> See finding at JC level.</p> <p><b>CAIPA - Caribbean region</b> See finding at JC level.</p> <p><b>DRGEP (GBS) – Jamaica</b> See finding at JC level.</p> <p><b>Competitive Jamaica:</b></p>

	See finding at JC level.
<b>I-1.4.2</b>	<b>Jamaica:</b> See finding at JC level.
	<b>CAIPA - Caribbean region</b> See finding at JC level..
	<b>DRGEP (GBS) – Jamaica</b> See finding at JC level.
	<b>Competitive Jamaica:</b> See finding at JC level.

<b>EQ 2</b>	<b>To what extent was Commission support to PSD in partner countries part of a strategic approach geared to the overall objectives of EU External Policy, while aligning with the priorities of the country/region and maximizing its VA, including in terms of synergies with other actors and other types of Commission support?</b>
<b>JC 2.1</b>	<b><i>Commission geared PSD support towards overall EU external policy objectives</i></b>
<b>Findings at JC level</b>	<p>PSD was part of prioritized approach within broader country/regional strategy:</p> <ul style="list-style-type: none"> <li>- Under the 9<sup>th</sup> EDF, PSD was clearly identified as a source of growth, and as such, as contributing to poverty reduction. (MN 819, 821) - PSD support in relation to macro-economic stabilisation and debt reduction, as well as market liberalisation in frame of end of preferential access to EU market, EPA, and regional integration; (MN 819, 821)</li> <li>- LT support to PSD, yet whilst a thread has existed since 5th EDF (Target Europe Programme&gt;TDP&gt; PSDP &gt; EPA Prog; banana and sugar assistance programmes). (MN 819, 821, 825, 826, 828)</li> </ul> <p>PSD was however not the focus of the Commission's support under the 10<sup>th</sup> EDF (aside from marginal support to the banana and Sugar sectors). (MN 819, 821, 822, 825, 826, 828, 836)</p>
<b>I-2.1.1</b>	Relation between overall EU external policy objectives and Commission PSD support is explicitly identified in Commission policy documentation
<b>I-2.1.2</b>	Programming documentation explicitly relates PSD interventions to overall EU external policy objectives
<b>I-2.1.3</b>	Stakeholders consider that Commission PSD support has contributed to the achievement of overall EU external policy objectives
<b>I-2.1.1</b>	<p><b>Jamaica:</b> See finding at JC level.</p> <p>The strategic approach presented in the 2001-2007 CSP focuses on PSD as a means to create economic growth and ultimately to reduce poverty. The CSP clearly makes the link between support to PSD and the creation of employment and poverty reduction, which are in accordance with article 177 of the Treaty establishing the EC, although this link is not explicitly made in the 2001-2008 CSP: <i>“The overriding concern of the suggested EC response strategy is to <b>contribute to the alleviation of poverty</b>. In order to alleviate poverty, the government is seeking to <b>enhance economic growth. Private sector is considered the most effective engine for growth and the development of business activities should be supported and facilitated.</b>”</i> (p. 25). The 2001-2007 CSP: <i>“Private sector growth can be expected to result in the creation of employment and therefore in addressing poverty. <b>For this reason the strategy proposed for support by the EC has a strong private sector development component</b>”.</i> (p.28).</p> <p>Additionally, support to the “Multi-annual EU assistance strategy for the Adaptation of the Sugar Industry” and the “Special Framework of Assistance (SFA) for traditional ACP suppliers of bananas” – which both aim to support the competitiveness of commodity industries and their ability to compete in a</p>



	<p>liberalized world market (following the end of preferential access under Lomé and Cotonou) and which are included in the CSPs of both the 9<sup>th</sup> and 10<sup>th</sup> EDF are also linked to objective of “<i>the smooth and gradual integration of the developing countries in to the world economy</i>” under article 177 of the Treaty establishing the EC, although this link is not explicitly made in the CSPs. <b>(I-2.1.1)</b></p> <p><b>Caribbean region</b></p> <p>The RSPs do not put the focus on PSD but rather on “the intensification of regional integration” (under 9<sup>th</sup> EDF) and “regional economic integration and EPA priority areas including capacity-building” (under 10<sup>th</sup> EDF). The overall aim of the 2003-2007 RSP is to “<i>Overall, the aim of the Response Strategy is the beneficial integration of the Caribbean region into the world economy through a global repositioning aimed at achieving sustainable economic growth, regional cohesion and stability, and continued improvements in living conditions. Support to regional integration aims at the establishment of a harmonised economic space for the generation of sustainable and equitable economic growth. This will facilitate the region in engaging in a structural transformation and repositioning of its economy, entering into beneficial negotiation of international trade agreements, and ultimately achieving Cotonou’s central objective of poverty reduction</i>”. (p.17). <b>It is within both focal areas, that attention to PSD is paid, and more specifically attention to the adaptation of the private sector to the trade and market liberalization context.</b> One of the 2003-2007 RSP focal area’s objectives is to support the Caribbean’s <b>economic repositioning</b> “<i>The specific objective is to assist the Caribbean region to seize new economic opportunities through greater business collaboration, the development of new factors of competitiveness and diversification. Emphasis will be on services and the SME sector. The RSP support will contribute to achieving the following results:</i></p> <ul style="list-style-type: none"> <li>– <i>The regional business environment and competitive climate will have improved, through a greater involvement of the private sector in regional policy formulation, the rationalisation and development of private sector organisations and service providers and public-private partnerships. It will also involve support to research and trade facilitation, promotion of business collaboration and cluster development. The development of private sector links with the OCTs, DOMs, Cuba and Latin American countries will be encouraged.</i> » (p.23).</li> </ul> <p>Also: “<i>Cariforum objectives of competitiveness and diversification are in line with the EU policy on EPAs and private sector development</i> » (p.15) <b>(I-2.1.1)</b></p> <p><b>CAIPA - Caribbean region:</b> Not applicable to an intervention.</p> <p><b>DRGEP (GBS) – Jamaica:</b> Not applicable to an intervention.</p> <p><b>Competitive Jamaica:</b> Not applicable to an intervention.</p>
<p><b>I-2.1.2</b></p>	<p><b>Jamaica:</b> See indicator above and below.</p> <p><b>CAIPA - Caribbean region</b> The grant contract indicates (p. 11) that “<i>working to improve the overall quality of the regional IPA's will help attract more investment to the poorer countries, thereby helping to reduce</i></p>

	<p><i>poverty and increase the economic well-being of all countries and also the region. ».</i></p> <p><b>DRGEP (GBS) – Jamaica:</b></p> <p>No evidence of specific reference to link between the GBS and the EU's external policies' objectives. The Financial agreement only mentions that the general objective of the GBS is “<i>To contribute to improving the <b>welfare</b> of the Jamaican people by reducing public debt stock and removing other public governance obstacles to sustained high <b>economic growth</b> rates. Reduced debt service payments can favour GoJ's social expenditure in compliance with the longer-term objective of <b>poverty reduction</b>.</i> (p.1). All these are EU external policies' objectives.</p>
	<p><b>Competitive Jamaica:</b></p> <p>The financial agreement is missing.</p>
<b>I-2.1.3</b>	<p><b>Jamaica:</b></p> <p>See finding at JC level and:</p> <p>The country-level evaluation which looks at the Commission's assistance to Jamaica over the period 2002-2007 does not indicate how Commission PSD support has contributed to the achievement of overall EU external policy objectives but rather says that “<i><b>the objectives of the CSP reflect the objectives of the country and are in line with the Commission's development policy goals. The logic set out and the interventions selected by the 9th EDF are well suited to make contributions towards Jamaica's economic development. The logic and conceptual approach presented, linking the macroeconomic environment with private sector development and improvements in the country's infrastructure capacity, are relevant to reaching the EC's policy goals</b></i>” (p.8) and “<i>The overall objectives of the Commission's interventions in Jamaica correspond to those of the Commission's development policy and successive ACP agreements, namely those of poverty reduction, sustainable development and integration into the world economy. <b>As such, EC support to Jamaica is in accordance with the global principles of EC cooperation with third world countries, as stated in Art.177 of the EC Treaty. The objectives of the above-mentioned article were confirmed and strengthened by the ACP-EU Partnership Agreement signed in Cotonou on June 23 of 2000. Furthermore, EC support to Jamaica also incorporates its conviction, know-how and experience in terms of promoting regional integration as a vehicle for development and integration into the world economy</b></i>”. (p.21) <b>(I-2.1.3)</b></p>
	<p><b>CAIPA - Caribbean region</b> See finding at JC level.</p>
	<p><b>DRGEP (GBS) – Jamaica:</b> See finding at JC level.</p>
	<p><b>Competitive Jamaica:</b></p> <p>See finding at JC level. And the ex-post evaluation reports that: « <i>Private sector support and the development of the MSME sector, directed at poverty reduction and the economic integration of developing countries, also <b>belongs to the areas of focus of EU development policies</b>, which in principle confirms the relevance of PSDP. Private sector development support was a focal area of the EU country strategy</i>” (p. 23).</p>
<b>JC 2.2</b>	<p><b><i>The Commission applied explicit policies and guidelines to make sure that its support to PSD was part of a strategic approach</i></b></p>
<b>Findings at JC level</b>	<ul style="list-style-type: none"> <li>No seamless sequencing &amp; insufficient cross-fertilisation/linkages between progs. which could have maximised impact (ie. SERP III included legislative reforms in PSD but no reference in PSDP; cluster</li> </ul>

	<p>under different progs). (MN831, 822, 827, 828, 836, 837)</p> <ul style="list-style-type: none"> <li>• No central PSD knowledge depository capitalizing on past experiences in JAM and other countries. (MN819, 820, 831, 833)</li> <li>• Varying focus on export-oriented PSD over 8th to 10th EDF, with recognition that PSD positive for internal trade as well; (MN819, 821, 822, 831, 836)</li> </ul>
I-2.2.1	Existence of policy documents and guidelines that explicitly tackle the importance of a strategic (prioritised) approach towards PSD alongside the different dimensions mentioned
I-2.2.2	These policies and guidelines were utilised for the design of PSD strategies at country/ regional level and for the programming
I-2.2.3	Commission staff expressed the view that the guidance provided was appropriate
I-2.2.1	<p><b>Jamaica:</b></p> <p>The 2001-2007 CSP mentions the following, which can be considered as a strategic approach. It indicates which conditions need to be met (macroeconomic stability, better transport conditions) in order to foster PSD and thus economic growth and poverty reduction: “<i>The <b>overriding concern</b> of the suggested EC response strategy is to <b>contribute to the alleviation of poverty</b>. In order to alleviate poverty, the government is seeking to <b>enhance economic growth</b>. <b>Private sector</b> is considered the most effective engine for growth and the development of business activities should be supported and facilitated. <b>At the same time, the macro-economic fundamentals, particularly the debt situation, should be restored to sustainable levels. Improved transport infrastructure is another critical requirement for the creation of an enabling environment conducive to business development, with the Commission having a comparative advantage in the road sector given the extent of the EC’s involvement under previous EDF allocations.</b></i>” (p. 25). “<i>The country’s growth strategy should therefore be two-pronged, whereby <b>macro economic reforms are supplemented by support to small and medium scale enterprises, in order to speed up their supply response</b>. The sectors in which the strongest supply response is expected include agriculture, agro-processing, selected labour-intensive manufacturing, tourism, IT and other business services. Private sector growth can be expected to result in the creation of employment and therefore in addressing poverty. For this reason the strategy proposed for support by the EC has a strong private sector development component?</i>” (p.28).</p> <p>The 2008-2013 CSP also mentions that the Commission’s PSD support was linked to the preparation of Jamaica to the liberalized, global market. Although the 2008-2013 CSP did not focus on PSD at all (but rather on macroeconomic stability and national security, in line with the government’s Medium Term Socio-Economic Policy Framework for the period 2004-2007), the section “overview of past and present EU cooperation”, mentions that the 9<sup>th</sup> EDF’s support to PSD was intended to <b>support Jamaica in adapting to preparing to a more liberalized global market</b>: “<i>The CSS/NIP 2002- 2007 under the 9th EDF focused on assisting the private sector, including SMEs, to prepare for competition in a more liberalised global market, an important task in the light of the newly emerging international trading regime, and the reform of traditional trading arrangements.</i>” (p.26). (I-2.2.1).</p> <p><b>CAIPA - Caribbean region:</b></p> <p>Not applicable to an intervention.</p>

	<p><b>DRGEP (GBS) – Jamaica:</b> Not applicable to an intervention.</p> <p><b>Competitive Jamaica:</b> Not applicable to an intervention</p>
<b>I-2.2.2</b>	<b>Jamaica</b>
	<b>CAIPA - Caribbean region</b>
	<p><b>DRGEP (GBS) – Jamaica:</b> There is no information on whether guidelines were utilised for the design of the programming, however the specific objectives of the GBS presented in the Financial Agreement indicate that the GBS supported a strategic approach, which included, among other things, support to the business environment: <i>“To contribute to achieve a marked reversal in existing public debt build-up dynamics, by strengthening public finance and debt management, divesting the State from debt-creating entities and <b>improve business environment</b> therefore making financial resources available for non-debt public expenditure. In particular DRGEP will provide an incentive to pursue: (a) debt containment, fiscal accountability mechanisms and implementation of PFM reforms as recommended by several studies and assessments. (b) State divestiture from debt-creating and non-core public service entities; (c) <b>business administrative and tax reforms</b>. (d) improvement in the allocation of the budget for Education”</i>. (p.1). Expected results presented in the Financial Agreement, included amongst others: <i>“(c) Simplification of business procedures and reform of the tax system to stimulate private initiatives, productive investment, growth and social cohesion.”</i> (p.1).</p>
	<p><b>Competitive Jamaica:</b> No evidence of this.</p>
<b>I-2.2.3</b>	<b>Jamaica</b>
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<b>Competitive Jamaica:</b>
<b>JC 2.3</b>	<b><i>The PSD strategies and programming of the Commission took into account the national/regional priorities</i></b>
<b>Findings at JC level</b>	<p>Evidence that diagnosis phase and identification of PSD needs &amp; evolution not sufficient in some cases:</p> <ul style="list-style-type: none"> <li>• under PSDP (despite consultation); (MN822, 825, 826, 827, 828, 829, 931, 935, 836, 837)</li> <li>• in identifying conditions for GBS: vast consultation with other international actors and State bodies (as based on government policy), but little with private sector operators (banks, PSOs). (MN820)</li> </ul> <p>Evidence of alignment to national priorities: pre-2004 National Industrial Policy considers PS as major source of growth &amp; that employment lies in SMEs. Shared EC view. (MN819, 821)</p>

	Policy dialogue in frame of GBS but limited under PSDP. (MN819, 820, 821, 824, 828).
I-2.3.1	The Commission conducted a policy dialogue with national authorities on PSD strategies
I-2.3.2	CSPs/RSPs clearly link the Commission PSD support to national/regional overall and PSD specific strategies and programming
I-2.3.3	Stakeholders consider that Commission support to PSD is aligned to the overall and sector specific national priorities
I-2.3.1	<p><b>Jamaica</b></p> <p>No evidence of a policy dialogue on PSD in the CSP 2001-2007 although it mentions that <i>“The EC response strategy is derived from the economic and social analysis, the <b>government strategy</b> and the activities of other development co-operation partners, taking into account the views expressed by civil society groups. <b>The response strategy supports the government strategy of macro economic reforms, as well as policies to promote investment and human and social development</b>”</i>. (p.25).</p> <p>The RSP 2008-2013 indicates that the Commission Evaluation of the regional strategy undertaken in 2005 highlighted that <i>“policy dialogue could be enhanced, a long-term vision could be developed and asymmetries between countries in the region could be considered”</i> (p.29). (I-2.3.1).</p> <p><b>CAIPA - Caribbean region</b></p> <p>The grant contract only mentions the following: <i>“The items included in this project have been agreed with the management of Caribbean Export as well as the Presidency of CAIPA as being included in the future work plan »</i> (p.12).</p> <p><b>DRGEP (GBS) – Jamaica/</b></p> <p>A GBS necessarily implies strong political dialogue between the Commission and national authorities on the meeting of conditionalities and the disbursement of fixed and variable tranches. In the case of the DRGEP, the Financial agreement includes amongst the main activities presented: <i>“Policy dialogue on achievement of the expected results; ensuring predictability of flow of funds to the Treasury through timely and accurate monitoring of disbursement conditions for the release of the tranches.”</i> (p.1).</p> <p>Need evidence on whether this has effectively taken place.</p> <p>Additionally the Financial Agreement indicates that the GBS' conditions have been based upon a national development strategy: <i>“There are 9 proposed conditions for the GBS programme. They are all derived from Jamaica's development strategy paper, the Medium Term Socio-Economic Framework 2009-2012 (MTF 2009-2012), and <b>have been identified by the GoJ and the EC Delegation as priority areas of intervention for social and economic development of the country.</b>”</i> (p.5).</p> <p><b>Competitive Jamaica</b></p> <p>No evidence of this.</p>
I-2.3.2	<p><b>Jamaica</b></p> <p>The CSP 2001-2007 presents Jamaica's national development strategy - the Medium Term Social and Economic Framework - in detail (p.7, p.10) and indicates that alongside other elements (programmes by other development co-operation partners, discussions with representatives of civil society and taking account of the</p>

EC's comparative advantages and strengths), the government strategy has informed the Commission's cooperation strategy:

- One of the four pillars of the Medium Term Social and Economic Framework is “restoring economic growth, including rehabilitation of the financial sector, consolidating fiscal policy and strengthening the framework for private investment » (p.7). The CSP also indicates that “Business development as a sustainable engine for economic growth is a first priority for the country”. It details the national programmes the government has been undertaking to meet its business development goal (“Improving infrastructure in particular in transportation, which will contribute to a more competitive operation, Improving the investment climate by the promotion of industrial harmony, and the modernisation and harmonisation of legislation dealing with incentives, Supporting the development of the most competitive sectors, including agriculture, agro-based processing selected manufacturing activities, tourism, the IT sector and other business services, based on programmes presented in the National Industrial Policy. Addressing the shortage of credit available to private firms, by providing loans at reduced interest rates servicing the productive and export sectors”). (p.12). In turn, PSD is one of the 2001-2007 CSP's focal areas. (I-2.3.2)

### Caribbean region

The RSP for 2003-2007 indicates that its strategy, which includes support to regional integration and under this to economic repositioning (including emphasis on services and the SME sector) has paid attention to the policy agenda of the region and specifically to the Cariforum regional integration and development strategy (RIDS) which includes a section on “PSD and competitiveness” (“An important plank of the RIDS is expansion in the regional economic base to increase business opportunities, improve attractiveness for investments and achieve greater economies of scale” (p.6)).

“The Response Strategy is a result of the programming analysis and develops from Cariforum's Regional Integration and Development Strategy (RIDS), considering selected priorities that are in line with the EC policy objectives and comparative advantage in regional integration and cooperation.” (p.9).

“The GOJ's Agricultural Policy focuses on improving the competitiveness of traditional and non-traditional commodities in the international and domestic market in addition to enhancing agricultural diversification. The EU Banana Support Programme makes a key contribution to this policy in the banana sub-sector. The Jamaican agricultural sector faces challenges resulting from low commodity prices, inefficiencies in production and the loss of access on a privileged basis to key European markets. In April 2005, the Ministry of Agriculture and Lands launched its new Agricultural Development Strategy (2005 – 2008), intended to revitalize the agricultural sector and improve the quality of rural life. [...] **Banana Country Strategy (SFA)** The overall objective of the Jamaica programme is that financial and technical assistance should help the country's banana sector to improve competitiveness, diversification being a secondary objective. Improving competitiveness requires investment in production techniques, harvesting, post-harvest handling and shipping, institutional re-structuring and marketing, so as to raise productivity and yields, improve quality and consistency of supply, and reduce production cost.” (Jamaica Country Report: Impact Evaluation of the Special Framework of Assistance for traditional ACP Suppliers of Bananas, period 2006 – 2008)

	<p><b>CAIPA - Caribbean region/</b> Not applicable to an intervention.</p>
	<p><b>DRGEP (GBS) – Jamaica</b> One of the general conditions for the release of the DRGEP's variable tranches is the implementation of the Medium-Term Socio-Economic Framework (MTF) 2009-2012, the adoption of which was a <b>pre-condition</b> to the launch of the GBS. The MTF includes “five supporting national outcomes” of which “enabling business environment” and “internationally competitive industry structures”. (source: EUD, <i>Note to the attention of Director AIDCO C on the request of Government of Jamaica for the disbursement of the first variable tranche of the DRGEP together with the EUD Disbursement Decision</i>, 2009, p.2).</p>
	<p><b>Competitive Jamaica/</b> Not applicable to an intervention.</p>
<b>I-2.3.3</b>	<p><b>Jamaica</b> See finding at JC level. The country-level evaluation which looks at the Commission's assistance to Jamaica over the period 2002-2007 is rather negative and reports that in fact <b>“Actions to support private sector development, for example, are not fully coordinated with GoJ policy towards this sector. In this case, the CSP has minimised the relevance of the fact that the Jamaican economy functions mostly with micro and small scale enterprises, and that the informal economy represents around 40% of the business in Jamaica. The PSDP, however, targets Medium, Small and Micro Enterprises (MSMEs).”</b> (p. 43).</p>
	<p><b>CAIPA - Caribbean region</b></p>
	<p><b>DRGEP (GBS) - Jamaica</b></p>
	<p><b>Competitive Jamaica/</b> The ex-post evaluation reports that: “discussions confirmed that PSDP was fully in line with government policies and strategies at the time of its planning”. (p. 23).</p>
<b>JC 2.4</b>	<p><b><i>The potential VA of the Commission geared its decisions on the nature of the support it would provide</i></b></p>
<b>Findings at JC level</b>	<p>Consideration to potential VA and synergies in EC decision on nature of its support depends on area:</p> <ul style="list-style-type: none"> <li>• Other donors active in PSD proper, yet little coordination with similar meso&amp;micro activities and some redundancies: USAID (clusters), IDB (micro-finance, access to finance); No specific donor thematic group nor PSD-specific donor strategy. (MN819, 821, 930, 834, 838)</li> <li>• Evidence of lack of capacity at NAO (PIOJ), some donors operating outside PIOJ; (MN819, 821, 930)</li> <li>• Proper donor coordination on macro-economic support: under GBS, with IMF and IDB, use of IMF &amp; IDB assessment (MN819, 821, 930)</li> </ul>
<b>I-2.4.1</b>	<p>Types of potential VA the Commission considered it could offer when providing support to PSD (as attested for instance by overall documents on the Commission's PSD strategy)</p>

I-2.4.2	Overall approach of the Commission to ensure that its PSD support would be geared, among other things, by its potential VA
I-2.4.3	References in strategy documents at country/ regional level to the potential VA of the Commission when providing support to PSD
I-2.4.4	Stakeholders consider that the Commission's country and regional strategies took into account the Commission's potential VA and are able to identify such VA
I-2.4.1	<b>Jamaica:</b> Not applicable to country-specific documents. (I-2.4.1)
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<b>Competitive Jamaica:</b> No evidence of this.
I-2.4.2	<b>Jamaica:</b> Not applicable to country-specific documents. (I-2.4.2)
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<b>Competitive Jamaica:</b> No evidence of this.
I-2.4.3	<b>Jamaica:</b> The CSP 2001-2007 indicates that alongside other elements (programmes by other development co-operation partners, discussions with representatives of civil society and the government strategy), taking account of the EC's comparative advantages and strengths has informed the Commission's cooperation strategy in Jamaica. (I-2.1.2). The 2001-2007 CSP indicates that: <ul style="list-style-type: none"> <li>▪ <i>“Improved transport infrastructure is another critical requirement for the creation of an enabling environment conducive to business development, <b>with the Commission having a comparative advantage in the road sector given the extent of the EC's involvement under previous EDF allocations.</b>”</i> p. 25.</li> <li>▪ <i>“The EC has gained considerable expertise in implementing private sector development programmes. The [PSD] programme will build on the experiences which have been gained in EC supported projects in Jamaica (Target Europe 2000, the Trade Development Project, the Eastern Jamaica Agricultural Support Project, EJASP, and the ACP banana support programme aiming at raising the competitiveness of the banana industry and diversification) and supplement activities supported by other co-operation partners.”</i> (p.28). (I-2.1.1).</li> </ul>
	<b>CAIPA - Caribbean region:</b> Not applicable to an intervention.
	<b>DRGEP (GBS) – Jamaica:</b> Not applicable to an intervention.
	<b>Competitive Jamaica:</b> Not applicable to an intervention



I-2.4.4	Jamaica: see finding at JC level.
	CAIPA - Caribbean region
	DRGEP (GBS) - Jamaica
	<p><b>Competitive Jamaica:</b></p> <p>No evidence of this aside from the assessment made in the ex-post evaluation that: « <i>It should be borne in mind that a programme of the size of PSDP, 25 Mill. Euro, presents a "once in a lifetime" opportunity for a small country such as Jamaica.</i> » (p.25).</p>
JC 2.5	<i>The potential synergies of the Commission with other actors and other types of Commission support geared its decisions on the nature of the support it would provide.</i>
Findings at JC level	<p>Consideration to synergies in EC decision on nature of its support depends on area:</p> <ul style="list-style-type: none"> <li>• Other donors active in PSD proper, yet little coordination with similar meso &amp; micro activities and some redundancies: USAID (clusters), IDB (micro-finance, access to finance); No specific donor thematic group nor PSD-specific donor strategy. Evidence of lack of capacity at NAO (PIOJ), some donors operating outside PIOJ; (MN819, 821, 830, 834, 838)</li> <li>• Proper donor coordination on macro-economic support: under GBS, with IMF and IDB, use of IMF &amp; IDB assessment. (MN820, 838)</li> </ul>
I-2.5.1	Commission documents that lay down the overall (not country specific) PSD strategy of the Commission require that the Commission PSD strategies and interventions are chosen on the basis of, among other things, synergies with support provided by other actors or other types of Commission support
I-2.5.2	CSPs/RSPs and programming documents highlight synergies with support provided by other actors or other types of Commission support
I-2.5.3	Stakeholders consider that synergies with support provided by other actors or other types of Commission support been a key criterion for deciding on the nature of the support to be provided
I-2.5.1	<p><b>Jamaica:</b></p> <p>Not applicable to a country-case.</p>
	<p><b>CAIPA - Caribbean region:</b></p> <p>Not applicable to a country-case.</p>
	<p><b>DRGEP (GBS) – Jamaica:</b></p> <p>Not applicable to a country-case.</p>
	<p><b>Competitive Jamaica:</b></p> <p>Not applicable to a country-case.</p>
I-2.5.2	<p><b>Jamaica:</b></p> <p>The CSP 2001-2007 only mentions the other development partners active in Jamaica. In the field of PSD, it mentions that “<i>The EC’s programme is complementary to those of the other international development partners, particularly WB, LADB, and the UK</i>». (p.23), with no further detail. However p. 25 indicates that “<i>The UK is the main EU</i></p>

member country which is providing support to Jamaica. Its programme focuses on public sector reform, education reform, debt relief and urban poverty. Germany is winding down its co-operation programme. It has programmes in health, energy and training. The IDB, CDB and World Bank focus on macro economic stabilisation and financial sector reform. The IDB is furthermore assisting primary education, health sector rehabilitation, water supply, and road construction and maintenance" thus indicating that the Commission is one of the few donors active in PSD.

The CSP 2001-2007 also mentions synergies in the form of "joint co-financing of actions [which] can be found in the Credit Scheme for Micro and Small Enterprises ».

The 2001-2007 CSP also complementarities with:

- other types of Commission support: "The [PSD] programme is also complementary to support from other Community funding initiatives, such as CDE, Pro-Invest and EBAS" (p.28).
- with EIB activities : "The European Investment Bank shares the analysis of the Jamaican economic situation. **The role it can play as a lender integrates well into the private sector development programme of the EC Country Support Strategy.** Traditionally the Bank provides financing, loan and equity, for investments for expansion and refurbishment by small and medium sized enterprises through local financial intermediaries. To date EIB funds have been accessible through the Development Bank of Jamaica, the Jamaica Venture Fund and the Trafalgar Development Bank. Under the Investment Facility of the 9th EDF the EIB intends to expand the network of financial intermediaries through which it works in Jamaica. This will be done through the establishment of lines of credit, for financing of investments made by SMEs active in core sectors of the economy, accessible through banks meeting the financial and operational requirements of the Bank. **Financing under this facility may, where appropriate, be combined with the business advisory services proposed by the Commission.** The facility features will depend on requirements identified and market conditions and may include equity/quasi-equity in addition to loans, as well as the possibility for disbursements in different currencies. In addition to this the Bank will continue to provide direct financing to larger projects considered to be financially viable and of economic priority to Jamaica. » (p. 30). (I-2.5.2)

### Caribbean region

The RSP for 2003-2007 identifies other programmes/forms of support to PSD outside the RIP: "Other EDF and Budget resources provide substantial support to a range of special programmes in the region that develop outside the RIP. EC support focuses on the **restructuring of the banana sector** (an average of €33 million per year), **the rum** (€70 million) and **rice industries and the fisheries sector.** EC private sector support programmes have been assisting Caribbean companies in improving competitiveness (**CDE, EBAS**) and in the promotion of investment (**Proinvest**). An all-ACP trade-related assistance programme [€20 million] will contribute, alongside the RIP, to the preparations for trade negotiations. » (p.13):

Loan	Amount	Description
CFSC Global loan II	3 M€	Conditional global loan of from risk capital resources (1993), for equity and quasi-equity investments in small- and medium-scale enterprises of the OECS region.
Carib Express	4 M€	Conditional loan on risk capital resources of to Trident Ltd on risk capital resources (1994), for the purpose of creating a regional airline, Carib Express Inc.
Caribbean Development Bank GL II	20 M€	Subsidised loan from own resources and 5 M€ conditional loan from risk capital resources for onlending to and (quasi-)investments in small- and medium-scale enterprises in the Caribbean region (1996).
Tiona Fund	2 M€	Contribution of to a closed-end venture capital fund of 15 to 20m USD for equity and quasi-equity investments in small- and medium-sized enterprises in the productive sectors of the English-speaking Caribbean (1999). The Fund was promoted and sponsored by the British Commonwealth Development Corporation (CDC).
Caribbean Investment Fund (CIF)	up to 10 M€	Limited partnership interest in CIF of up to 10 M€ or 20% of total commitments, on risk capital resources (2000). The CIF is a regional venture capital fund, promoted by Caricom, of the closed-end type, created for the purpose of promoting private sector enterprise in the Caribbean region by means of equity and quasi-equity investments.
Caribbean Microfinance Ltd (CML):	5 M€	Subordinated, participating loan from risk capital, to strengthen the capital base of Caribbean Microfinance Ltd. (CML), a specialist micro finance subsidiary of Development Finance Ltd (DFL), Trinidad, and thus indirectly support micro enterprises in the southern and eastern Caribbean region.

**CAIPA - Caribbean region**

**DRGEP (GBS) – Jamaica:**  
 The Action Fiche of the rider (introducing €172 under FLEX funding) identifies, under the section “Complementary actions”, EC programmes or support running in parallel that “*The EC has a number of programmes to help Jamaica overcome the key challenges of its social and economic growth funded under the 9<sup>th</sup> and the 10<sup>th</sup> EDF, as well as by the sugar budget lines. They include the DRGEP general budget support, the Security Sector Reform Programme sector budget support, the sugar cane sector budget support, the Poverty Reduction Programme II.*” (p.3).  
 However the precise convergence points or synergies, or how they are complementary to the DRGEP, are not detailed. (1-2.5.2)

**Competitive Jamaica:**  
 Little evidence of synergies.

**I-2.5.3**

**Jamaica:** see finding at JC level.

**CAIPA - Caribbean region**

**DRGEP (GBS) - Jamaica**

**Competitive Jamaica:**  
 There seems to be evidence of the contrary – of lack of sufficient consideration of the PSDP’s added-value in general (not specifically in comparison to other donors): the Ex-post evaluation of the “Competitive Jamaica” intervention/PSDP reports that the support to (M)SMEs was not sufficiently targeted/not sufficiently selective: “*It appears that PSDP was never really sure whether it was to support the “needy”, or “winners”. In particular after the mid-term review had made recommendations to include micro enterprises and the informal sector, a clearer rationale for the approach would have been necessary. It is important for a support programme such as PSDP, in particular one of the size of PSDP, to create value added, i.e. net growth effects. These can be achieved if enterprises with the capacity to develop better products are assisted to innovate and in accessing new markets. Such opening of new opportunities creates “pulling effects”, which then leave room for weaker enterprises to follow. Selectivity is therefore an important element of successful private sector development approaches directed at the enterprise level. PSDP’s approach appeared ambivalent in this regard.* » (p.24).

**JC 2.6** *The Commission’s PSD strategies and programming were clearly prioritised and part of a wider Commission strategy in the country/region*

Findings at JC level	<ul style="list-style-type: none"> <li>• PSD support in relation to macro-economic stabilization and debt reduction, as well as market liberalisation in frame of end of preferential access to EU market, EPA, and regional integration; (MN819, 820, 821, 931, 822),</li> <li>• Long-term support to PSD, yet whilst a thread has existed since 5th EDF (Target Europe Programme&gt;TDP&gt; PSDP &gt; EPA Prog; banana and sugar assistance programmes) (MN 819, 821, 825, 826, 828): <ul style="list-style-type: none"> <li>○ No seamless sequencing &amp; insufficient cross-fertilisation/linkages between progs. Which could have maximised impact (ie. SERP III included legislative reforms in PSD but no reference in PSDP; cluster under different progs).</li> <li>○ No central PSD knowledge depositary capitalizing on past experiences in JAM and other countries. (MN819, 820, 831, 833)</li> </ul> </li> <li>• Varying focus on export-oriented PSD over 8th to 10th EDF, with recognition that PSD positive for internal trade as well (MN 819, 821, 836)</li> <li>• Extent to which PSD has been mainstreamed in other sector support: in AMS, yet some evidence of lack of EC take-up of past results to build on; less under EUBSP as focus shifted to economic redeployment and social activities. (MN819, MN 821, MN828, MN833)</li> </ul>
I-2.6.1	Commission strategy/programming documents explain how the Commission's PSD strategy fits into the wider Commission's country/regional strategies and priorities
I-2.6.2	Commission strategy/programming documents explain how the Commission's have been prioritised with regard to the PSD needs of the country
I-2.6.3	Stakeholders consider that the Commission's PSD support was part of a wider prioritised approach of the Commission in the country/region as well as prioritised with respect to PSD need of the country
I-2.6.4	A methodological procedure has been adopted for selecting areas of intervention per country, as per the 2005 Evaluation Recommendation RI-1, including: an assessment of priority needs; selection of interventions with Commission comparative advantage; and an assessment of whether pre-conditions of intervention are met
I-2.6.1	<p><b>Jamaica:</b></p> <p>The CSP also mentions the Commission's PSD strategy is integrated to other components of the strategy for 2001-2007: "<b><i>The components of the strategy are strongly inter-linked and mutually enforcing.</i></b> <i>The strategy is composed of the following components.</i></p> <ol style="list-style-type: none"> <li>1. <i>A macro-economic support programme providing assistance to the government's economic reform programme aiming at a stable macro-economic environment and at the achievement of government's policy to reduce poverty and its targets set for the social sectors [...]. The programme will also assist government in its efforts to strengthen public finance management.</i></li> <li>2. <i>Private Sector Development through developing a broad-ranged programme of business advisory services, to strengthen the supply response once macro conditions improve and to deal with a more open economic environment resulting from the extension and deepening of regional and global co-operation agreements. This programme of business advisory services will be supplemented by an EIB programme of financing for investments to be made by SMEs in core sectors of the economy,</i></li> </ol>

	<p>and accessible through banks. A more robust private sector will contribute directly to employment creation and poverty reduction.</p> <p>3. A sector-based approach to the transport sector. [...]. This programme supports private sector and export development, especially in areas outside the capital by improving access and reducing transportation costs, enforcing the impact of the macro and private sector programmes on employment and poverty reduction “:</p> <p><b>Caribbean region</b></p> <p>At the regional level, support to PSD is strongly linked to trade-related assistance, in view of the changes in the EU-ACP trade regime, according to WTO rules: “The EC has provided trade-related assistance to the Caribbean so as to build capacity to engage in trade negotiations and to facilitate the adjustment by the private sector and governments to the reduction in the special and differential treatment afforded to the Caribbean.” (RSP 2008-2013, p.32). The framework for PSD support has been the EPA. In view of the changes induced by the EPA, particularly sensitive agricultural sectors have been afforded transition periods or exclusion from liberalization: “limited transition period foreseen for imports of rice and that for sugar (until 2015) have been designed to take into account the Common Agricultural Policy reform process.” In parallel, the EC has supported the transition to a fully open market in key commodity sectors in the Caribbean:</p> <ul style="list-style-type: none"> <li>▪ “To enhance competitiveness and support the diversification of the <b>banana</b> sector, a <b>Special Framework of Assistance (SFA) was established in 1999</b>. By 2008, when the SFA will have run its course, the Caribbean will have received a total allocation of around €270 million, which is more than 73% of the total value of the SFA.</li> <li>▪ The <b>"Accompanying measures for Sugar Protocol countries"</b> (AMSP) include actions to make the sugar industry more competitive, to bring about diversification and to mitigate the social effects of the changes in the trade regime, which entered into force on 28 February 2006 in six Caribbean countries (Jamaica, Belize, Barbados, Trinidad &amp; Tobago, St Kitts &amp; Nevis, and Guyana).</li> <li>▪ In order to develop the competitiveness of the Caribbean ACP <b>rice industry</b>, the Commission has set up a programme to support the sector, worth €24 million. This programme runs until 30 September 2008. (RSP 2008-2013, p.32-3). <b>(I-2.1.2)</b></li> </ul> <p><b>CAIPA - Caribbean region</b></p> <p><b>DRGEP (GBS) - Jamaica</b></p> <p><b>Competitive Jamaica:</b></p>
<p><b>I-2.6.2</b></p>	<p><b>Jamaica:</b></p> <p>The strategic approach presented in the 2001-2007 CSP is as follows: “The overriding concern of the suggested EC response strategy is to contribute to the alleviation of poverty. In order to alleviate poverty, the government is seeking to enhance economic growth. Private sector is considered the most effective engine for growth and the development of business activities should be supported and facilitated.” (p. 25). The 2001-2007 CSP: “Private sector growth can be expected to result in the creation of employment and therefore in addressing poverty. For this reason the strategy proposed for support by the EC has a strong private sector development component”. (p.28). <b>(I-2.6.2)</b></p> <p><b>CAIPA - Caribbean region</b></p> <p><b>DRGEP (GBS) - Jamaica</b></p> <p><b>Competitive Jamaica:</b></p>

<b>I-2.6.3</b>	<p><b>Jamaica</b> See finding at JC level and:</p> <p><b>Caribbean region:</b> The Commission Evaluation of the regional strategy undertaken in 2005 gives evidence that differences in needs amongst the countries of the CARIFORUM was not sufficiently considered. RSP 2008-2013 indicates that the regional evaluation highlighted that “<i>policy dialogue could be enhanced, a long-term vision could be developed and asymmetries between countries in the region could be considered</i>” (p.29).</p>
	<p><b>CAIPA - Caribbean region</b></p>
	<p><b>DRGEP (GBS) – Jamaica</b> See finding at JC level and:</p> <p>According to a document from Jamaican counterparts, the Debt Reduction and Growth Enhancement Programme (DRGEP) was put in place in order to assist the Government of Jamaica (GoJ) in achieving a reversal in the public debt dynamics, in <b>improving the business environment</b> and in increasing the availability of budget resources for the social sectors. (Planning Institute of Jamaica, <i>Full analysis and justification for their request for the release of the second variable tranche</i>, no date, p.8).</p>
	<p><b>Competitive Jamaica:</b> See I-2.3.2 and I-2.3.3.</p>
<b>I-2.6.4</b>	<p><b>Jamaica</b></p>
	<p><b>CAIPA - Caribbean region</b></p>
	<p><b>DRGEP (GBS) - Jamaica</b></p>
	<p><b>Competitive Jamaica:</b> There is evidence of the contrary – or the lack of such an approach – see <b>I-2.5.3</b>.</p>

<b>JC 2.7</b>	<b><i>The Commission designed its PSD support so as to promote gender equality, good governance, and combat environmental degradation and HIV</i></b>
<b>Findings at JC level</b>	Little evidence of thorough consideration to cross-cutting issues (CCI) e.g gender, governance, environment, labour standards. On gender, need to contextualise to country gender specificities. (MN819, 820, 821, 831, 837)
<b>I-2.7.1</b>	Commission strategy/programming documents explain how the Commission's PSD strategy and specific intervention will contribute to the above mentioned crosscutting issues
<b>I-2.7.2</b>	Stakeholders consider that when designing its support, the Commission took into account the above mentioned cross-cutting issues
<b>I-2.7.1</b>	<p><b>Jamaica:</b> The 2001-2007 CSP only mentions the following, without a specific link to its PSD programme: <i>“The EC support will actively promote the respect for environmental standards and the introduction of sustainable technologies.”</i> with no further detail. (p. 29).</p> <p>The 2008-2013 which is <b>not</b> focused on support to PSD (but rather on macroeconomic stability and national security) but mentions the “Multi-annual EU assistance strategy for the Adaptation of the Sugar Industry” and the “Special Framework of Assistance (SFA) for traditional ACP suppliers of bananas” (which both aim to support the competitiveness of commodity industries and their ability to compete in a liberalized world market, following the end of preferential access under Lomé and Cotonou) does make reference to the following: <i>“Strategic environmental assessments and environmental impact assessments conducted by other agencies will be taken into consideration, in particular with regard to the implementation of Jamaica's Sugar Strategy”</i>, (p. 35). (I-2.7.1)</p> <p><b>Caribbean region:</b> The RSP for 2003-2007 simply indicates, at the general level (not specifically on PSD support) that: <i>“The following will be crosscutting issues in the support strategy: – Gender and youth issues will mainstream strategy development and will be the subject of positive action. – A systematic and preventive approach on the basis of the precautionary principle will promote environmental sustainability.”</i> (p.24). (I-2.7.1)</p> <p><b>CAIPA - Caribbean region</b></p> <p><b>DRGEP (GBS) – Jamaica:</b> The Action Fiche of the rider (introducing €172 under FLEX funding) only indicates that <i>“Good governance is at the core of all DRGEP Activities. Gender issues are indirectly addressed through measures that remove discriminations in broad terms and those which foster growth, reduce poverty and make administration business-friendly. The MTF and Vision 2030 reflect the holistic approach to sustainable development adopted by GoJ”</i>. (p.4). This is brief. There are no further indications on how those cross-cutting issues will be specifically addressed.</p> <p><b>Competitive Jamaica:</b></p>
<b>I-2.7.2</b>	<p><b>Jamaica:</b> See finding at JC level and:</p> <p>The country-level evaluation which looks at the Commission's assistance to Jamaica over the period 2002-2007 indicates that <i>“Under the PSD initiative, for example, there is mention of gender and environment issues, institutional development and capacity building, but <b>this is not reflected in the presentation of concrete objectives, indicators and/or baseline information.</b> As regards <b>gender</b>, the only practical evidence was a gender breakdown in TDP monitoring. Perhaps the best example of the gender issue being having been taken into account is in the EUBSP, where more than 1,800</i></p>

	<p>women are directly employed in the banana industry, and so the programme impacts positively on women". (p. 55).</p> <p><b>CAIPA - Caribbean region</b></p> <p><b>DRGEP (GBS) - Jamaica</b></p> <p><b>Competitive Jamaica:</b> See finding at JC level and: The ex-post evaluation indicates that "<i>PSDP's planning did not include any indicators on gender; however, PSDP was implemented in a gender-conscious manner. All reports produced by PSDP analysed what proportion of assistance was directed at women and men. The results clearly show that PSDP tried and achieved high standards of ensuring that men and women could equally benefit from the programme's outputs.</i>" (p.31) "Gender issues were taken very seriously by PSDP, and it can be assumed that the emphasis given to this will continue within the partner organisations, which wholly supported this. This is a positive impact." » (p.32).</p>
<b>JC 2.8</b>	<b><i>The Commission PSD activities have contributed to the decent work agenda and/or the improvement of core labour standards and rights of the worker</i></b>
<b>Findings at JC level</b>	See finding under JC 2.7.
<b>I-2.8.1</b>	EC macro-economic and policy interventions targeted the decent work agenda and/or improvement of core labour standards and social governance in beneficiary countries during the evaluation period
<b>I-2.8.2</b>	Regulations passed on core labour standards and/or social governance in beneficiary countries during the evaluation period
<b>I-2.8.1</b>	<p><b>Jamaica:</b> The 2001-2007 CSP only mentions the Commission's intention to "<i>also encourage labour-intensive economic activities, thus creating employment for vulnerable groups such as unskilled workers, young entrants into the labour market and women</i>" (p. 29) with no further detail.</p> <p>In the case of the banana sector assistance: "<i>Conclusions 3.4. Eventually, the programme has been able to create alternative jobs for farmers that were compelled to leave the export banana sector, whereas it was able to maintain reasonable numbers of workers in small, medium and large scale production units. GlobalGAP/ISO/FT certifications guarantee respect of workers rights, and have revamped the sector's socio-economic and environmental standing</i>" [...] "<i>IPM/IWM and introduction of GlobalGAP/ISO/FT procedures have improved environmental effects of banana production, whereas they have also improved working conditions (social, economic, and health)</i>". (Jamaica Country Report: Impact Evaluation of the Special Framework of Assistance for traditional ACP Suppliers of Bananas, period 2006 – 2008)</p> <p><b>CAIPA - Caribbean region</b></p> <p><b>DRGEP (GBS) - Jamaica</b></p> <p><b>Competitive Jamaica:</b> No evidence of this.</p>
<b>I-2.8.2</b>	<p><b>Jamaica:</b> No evidence of this.</p> <p><b>CAIPA - Caribbean region</b></p> <p><b>DRGEP (GBS) - Jamaica</b></p> <p><b>Competitive Jamaica:</b> No evidence of this.</p>



<b>EQ 3</b>	<b>To what extent did the set of Commission funding vehicles and aid modalities for supporting PSD strategies and activities of partner countries and regions result in the provision of timely responses at a reasonable cost to the challenges faced by the private sector in third countries, while fostering synergies among each other and with vehicles offered by other actors?</b>
<b>JC 3.1</b>	<i>The set of funding vehicles or aid modalities developed by the Commission <u>at general level</u> to support partner country PSD strategies and activities aimed at covering the range of challenges faced by the private sector in third countries, while bearing in mind efficiency and synergies</i>
<b>Findings at JC level</b>	Not applicable to country-specific case.
<b>I-3.1.1</b>	Documents outlining the rationale of each modality/ instrument with respect to PSD identify the specific challenges to which it should respond
<b>I-3.1.2</b>	Commission documents explain how the <u>set</u> of instruments/modalities covers the needs of the private sector in a comprehensive manner, while fostering efficiency and synergies
<b>I-3.1.3</b>	Stakeholders consider that the Commission's set of instruments was designed with a view to tackle challenges while fostering efficiency and synergies
<b>I-3.1.1</b>	<p><b>Jamaica:</b> Not applicable to country-specific case.</p> <p><b>CAIPA - Caribbean region</b></p> <p><b>DRGEP (GBS) - Jamaica</b></p> <p><b>Competitive Jamaica</b></p>
<b>I-3.1.2</b>	<p><b>Jamaica:</b> Not applicable to country-specific case.</p> <p><b>CAIPA - Caribbean region:</b> The Financial Agreement does <b>not</b> explain how the combination of the GBS and allocations under the Sugar Accompanying Measures and later on under the FLEX (rider) cover the needs of the private sector (amongst other stakeholders, depending on the GBS's specific conditions) and contribute to efficiency and synergies but it is clear that their combination increases the financial envelop: "<i>The total amount of DRGEP general budget support grant is € 40,000,000 funded through the 10th EDF. Subject to separate Financing Agreements, allocations under the Sugar Accompanying Measures allocations will supplement funding under the current Financing Agreement with € 29,849,500 which is planned to be disbursed in four fixed tranches (at the end of 2008, in 2009, 2010, and in 2011). [...] All variable tranches are funded from the 10th EDF under this Financing Agreement, while all fixed tranches are funded from the AMS 2007, AMS 2008 and AMS 2009 under separate Financing Agreements</i>" (p.2). The Action Fiche provides justification on the addition of the FLEX – namely that additional funds are needed in times of declining export revenues and of the global economic crisis: "<i>The expected result is to reduce the negative impact of the declining export revenues and of the global economic crisis at large on a country facing economic and social vulnerability risks and contribute to its macroeconomic stability.</i>" (p.4).</p>

	<b>DRGEP (GBS) – Jamaica</b>
	<b>Competitive Jamaica</b>
<b>I-3.1.3</b>	<b>Jamaica:</b> Not applicable to country-specific case.
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<b>Competitive Jamaica</b>
<b>JC 3.2</b>	<b><i>When designing its support for partner country PSD strategies and activities in specific countries or regions, the Commission's choice of funding vehicles or aid modalities was geared towards the specificity of challenges, the expected efficiency and the potential synergies with other vehicles or modalities</i></b>
<b>Findings at JC level</b>	<p>Evidence of some rationale for choice of particular. funding vehicle/aid modality:</p> <ul style="list-style-type: none"> <li>• Shift to BS reflected general trend and instructions from HQ, as well as beneficiary's demands; (MN819, 820, 821, 826, 828,837)</li> <li>• Some synergies between different funding vehicles/aid modalities but insufficient sequencing between different PSD interventions, rather, a juxtaposition of opportunities (MN821, 819, 823); insufficient knowledge from EUD and beneficiaries on centralised operations; (MN823, 822, 825, 827)</li> <li>• Stakeholder confusion on modes to access different sources of EU funding (regional, national, centralised, decentralised) and selection criteria (eligibility) (MN823, 825, 827, 832)</li> </ul>
<b>I-3.2.1</b>	Justification of the choice of instruments in strategy and programming documents at country/regional level
<b>I-3.2.2</b>	Justification of the choice provided by Commission representatives
<b>I-3.2.1</b>	<p><b>Jamaica:</b> No evidence of this in the CSPs. (I-3.1.1)</p> <p><b>Caribbean region</b> the RIP for 2008-2013 limits itself to indicating which were the major regional projects implemented under the 9<sup>th</sup> EDF, without providing a justification of the choice of instruments, amongst which the followed are related to PSD:  <i>“The major project was a €40.5 million Caribbean Integration Support Programme (CISP). The Contribution Agreement provides support for CSME, External Trade and Economic Negotiations, Economic Statistics, a Caribbean Regional Information and Translation Institute (CRITI), Information Society and Institutional Support for a strengthened CARICOM Secretariat”</i> (p.27)</p> <p><i>In addition:</i></p> <ul style="list-style-type: none"> <li>• <i>Caribbean Export Development Agency – €10,5 m</i></li> <li>• <i>Caribbean Trade and Private Sector Development Programme (CTPSDP) – €2,6 m</i></li> <li>• <i>Support for the Caribbean Rum Industry - €70 m</i></li> <li>• <i>Support for the Caribbean Rice Industry - €24m »</i> (p.27-8).</li> </ul>

	<p>The RSP does specify however that the trade-related assistance provided through the “All-ACP programmes” to the Caribbean was intended to support the adjustment of the economies and the private sector to changes in the trading regime: “<i>build capacity to engage in trade negotiations and to facilitate the adjustment by the private sector and governments to the reduction in the special and differential treatment afforded the Caribbean. This support has been provided to the CRNM, which is the regional organisation spearheading the trade negotiations</i>” (p.28).</p> <p>The RSP also indicates that regional support included CDE and PROINVEST support, BizClim and others, without any further information: “<i>The region has continued to receive support from the CDE and PROINVEST. The EU provides additional trade-related support to CARIFORUM through establishment of the CARIFORUM-EU Business Forum and the Trade.com and BizClim - All ACP programmes for institutional trade capacity building</i>” (p.28).</p> <p>The RSP for 2003-2007 identifies other programmes/forms of support to PSD outside the RIP, and presents which needs or sectors they cover: “<i>Other EDF and Budget resources provide substantial support to a range of special programmes in the region that develop outside the RIP. EC support focuses on the restructuring of the banana sector (an average of €33 million per year), the rum (€70 million) and rice industries and the fisheries sector. EC private sector support programmes have been assisting Caribbean companies in improving competitiveness (CDE, EBAS) and in the promotion of investment (Proinvest). An all-ACP trade-related assistance programme [€20 million] will contribute, alongside the RIP, to the preparations for trade negotiations.</i>» (p.13).</p> <p><b>Support provided through the EIB at the regional level</b> has also supported PSD (only the second loan is not fully PSD-relevant) (see I-2.5.2). The RSP also indicates that “<i>be facilitated through contributions to privatisation efforts and to continued private sector development, focusing (in view of the size of the local market) mainly on small- and medium scale enterprises, by the use of traditional global instruments (credit lines, APEX loans, venture capital funds, etc.). The Bank could co-operate with suitable local and regional intermediaries in financial sector operations wherever they The European Investment Bank (EIB) has identified integration and economic restructuring as possible areas of intervention in the Caribbean region. [...] Economic restructuring could can be found and limit itself to directly financing the occasional big operation in power, infrastructure, etc.</i>» (p.19).</p> <p><b>CAIPA - Caribbean region</b></p> <p><b>DRGEP (GBS) – Jamaica:</b></p> <p>No information in the Financial Agreement on why the GBS was chosen and why it was complemented by allocations funded under the Sugar Accompanying Measures.</p> <p>The Action Fiche however does provide justification for the addition of the FLEX funds – namely that additional funds are needed in times of declining export revenues and of the global economic crisis: “<i>The expected result is to reduce the negative impact of the declining export revenues and of the global economic crisis at large on a country facing economic and social vulnerability risks and contribute to its macroeconomic stability.</i>” (p.4).</p> <p>An interviewee specified that unlike other GBS, no technical assistance was specifically attached to this GBS (MN602).</p> <p><b>Competitive Jamaica:</b></p> <p>No evidence of this.</p>
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## I-3.2.2

**Jamaica:**

Rather than explaining how the *set* of instruments/modalities covers the needs of the private sector in a comprehensive manner, while fostering efficiency and synergies, the 2001-2007 CSP highlights potential complementarities of the PSD programme with:

- other types of Commission support: “*The [PSD] programme is also complementary to support from other Community funding initiatives, such as CDE, Pro-Invest and EBAS*” (p.28).
- with EIB activities: “*The European Investment Bank shares the analysis of the Jamaican economic situation. **The role it can play as a lender integrates well into the private sector development programme of the EC Country Support Strategy.** Traditionally the Bank provides financing, loan and equity, for investments for expansion and refurbishment by small and medium sized enterprises through local financial intermediaries. To date EIB funds have been accessible through the Development Bank of Jamaica, the Jamaica Venture Fund and the Trafalgar Development Bank. Under the Investment Facility of the 9th EDF the EIB intends to expand the network of financial intermediaries through which it works in Jamaica. This will be done through the establishment of lines of credit, for financing of investments made by SMEs active in core sectors of the economy, accessible through banks meeting the financial and operational requirements of the Bank. **Financing under this facility may, where appropriate, be combined with the business advisory services proposed by the Commission.** The facility features will depend on requirements identified and market conditions and may include equity/quasi-equity in addition to loans, as well as the possibility for disbursements in different currencies. In addition to this the Bank will continue to provide direct financing to larger projects considered to be financially viable and of economic priority to Jamaica.* » (p. 30).
- In the case of Assistance sensitive industries, namely banana and rum, the CSP for 2001-2007 mentions that “*Support to the banana sector will continue during the period covered by the country support strategy, [the CSP mentions that support will be provided] both through **the preferential access to EU markets (Lomé trade preferences and Protocols will continue to be in force at least until 2008) and through the budget line "Special Framework of Assistance"** to increase competitiveness of the banana industry and to facilitate diversification. Furthermore, **under the 8th EDF regional programme** significant support will be granted to the Jamaican rum industry with a view to fostering competitiveness. [...] **The Centre for the Development of Enterprise (CDE) will continue to support the development of private sector through ad hoc interventions at enterprise level.**” (p. 31). For the period, 2008-2013, the CSP mentions the following: “*Assistance will be provided for sensitive industries such as banana and sugar cane. Support for the banana sector will continue during the period projected in the country strategy paper, **through the budget line "Special Framework of Assistance"** (which will run through 2013) to increase the competitiveness of the banana industry and to facilitate diversification in the rural areas. Support for the Jamaican Country Strategy for the Adaptation of the Sugar Industry 2006-2015 (JCS) will be provided to address the key problems of the sugar sector.*” (p.35).*

The country-level evaluation which looks at the Commission's assistance to Jamaica over the period 2002-2007 indicates that the SERP III, ie. the €27 million Budgetary support to be disbursed in three tranches up to FY 2005/06, includes a PSD component. The report specifies that “*require the programme to obtain the following specific results from Government Policy:*

	<ul style="list-style-type: none"> <li>▪ <i>To bring down public debt (elimination of fiscal deficit, maintaining macroeconomic stability, and social expenditure)</i></li> <li>▪ <i>To reduce pressure on social expenditure</i></li> <li>▪ <i>To lower interest rates, leading to less crowding out of the private sector</i></li> <li>▪ <i>To <b>create an environment conducive to private sector growth</b> and poverty reduction” (p. 27).</i></li> </ul> <p>The report doesn't however give a justification of the choice of this instrument.</p> <p>The interviews at headquarters give evidence of the contrary, ie that the rationale for the choice of a particular instrument was not always known:</p> <ul style="list-style-type: none"> <li>▪ On Proinvest and CDE: interview reported that the allocation of funds, and therefore the choice of support was very demand-driven. Additionally the selection criteria for assistance through CDE or PROINVEST (rather than through geographical assistance/EDF for example) was not known.</li> <li>▪ On the Support provided through the “Multi-annual EU assistance strategy for the Adaptation of the Sugar Industry” and the “Special Framework of Assistance (SFA) for traditional ACP suppliers of bananas” – which both aim to support the competitiveness of commodity industries and their ability to compete in a liberalized world market (following the end of preferential access under Lomé and Cotonou): some interviewees considered that these programmes were not entirely PSD related. <i>“Some of activities didn't just support PSD, some also supported road transport for example, or any other measures included in the country strategy in that sector, if they decide to stop sugar production, then we followed them: so some of our support also went to social mitigation measures (relocating farmers)”.</i> (MN602).</li> </ul>
	<p><b>CAIPA - Caribbean region</b></p> <p>The grant contract only mentions potential complementarity with another regional programme under the 9th EDF implemented by “Caribbean Export” (where CAIPA was to be headquartered), namely the €7m Caribbean Trade and Private Sector Development Programme (CTPSDP, 2008-2010): <i>“The main objective of this programme is to contribute to the gradual integration of CARIFORUM countries into the world economy and by so doing enhance regional economic growth and thus help to alleviate poverty. CTPSDP expected results: &gt;- Increased competitiveness of firms through market expansion and export diversification; &gt;- A vibrant Caribbean Business and Investment Support Network; &gt;- Greater cooperation between the CARIFORUM and FCOR and OCTs; &gt;- Increased contribution by the Caribbean business sector to the improvement of the regulatory environment; and &gt;- Assistance with EPA implementation. The CTPSDP and the proposed programme are complementary given that they address the main challenges facing the economic development of the CARIFORUM countries”</i> (p. 25). <i>“The proposed initiative will be coordinated with Caribbean Export's current work programme, including the CTPSDP.”</i> (p.27).</p>
	<p><b>DRGEP (GBS) - Jamaica</b></p>
	<p><b>Competitive Jamaica:</b></p>
<p><b>JC 3.3</b></p>	<p><b><i>The level at which the Commission intervened (national, regional, supra-regional) was appropriate to meet the specific challenges in terms of PSD</i></b></p>
<p><b>Findings at JC level</b></p>	<p>Limited information.</p>
<p><b>I-3.3.1</b></p>	<p>Strategy and programming documents show evidence that the intervention level</p>

	was selected on the basis of a consideration of the challenges being addressed.
<b>I-3.3.2</b>	Stakeholders consider that the selection of intervention levels made by the Commission across the board of its PSD interventions, has been appropriate to the challenges being addressed
<b>I-3.3.3</b>	Stakeholders consider that the selection of intervention levels made by the Commission has enabled synergies and cross-fertilisation to develop between countries and regions.
<b>I-3.3.1</b>	<p><b>Jamaica:</b> No evidence of this in the CSPs (I-3.3.1)</p> <p><b>CAIPA - Caribbean region</b> The grant contract indicates (p.11) that in the Caribbean, a regional approach to attracting FDI/investment capital was required, rather than a national one so that it also made sense that donors' support to investment promotion was regional as well: <i>“Over a number of years, individual countries of the Caribbean region have been striving to increase the flow of FDI. The disadvantages of this single country approach, rather than a combined regional approach has been recognised, thus the need to rethink the "go-it-alone" strategy in favour of a regional one. Consequently, a combined regional effort to attract FDI/investment capital became the accepted course of action, and several formal governmental and corporate initiatives geared toward the integration of the investment promotion process throughout the Caribbean began to be pursued. Significant actions and major structured planning began, in order to create an officially recognised organisation, having the responsibility and authority for the coordination and administration of investment promotion activities in the region. »</i></p> <p>The regional nature of the Association is intended to offset capture by national interests: <i>“The ability of CAIPA to be an overarching organization, which can operate outside of national priorities and self-interests, is a most important asset. It gives it the ability to examine issues in an open manner, taking into account the needs and benefits of the region as a whole and not be constrained by national issues.»</i> (p. 12).</p> <p><b>DRGEP (GBS) - Jamaica</b></p> <p><b>Competitive Jamaica:</b> No evidence of this.</p>
<b>I-3.3.2</b>	<p><b>Jamaica:</b></p> <p><b>CAIPA - Caribbean region</b></p> <p><b>DRGEP (GBS) - Jamaica</b></p> <p><b>Competitive Jamaica:</b> The 2009 PSDP Final report mentions that <i>“Additionally, interventions across the programme have been <b>island-wide</b>, and across all sectors with the highest number of interventions evident in the priority sectors of agribusiness, the creative industries, tourism and services. Interventions in manufacturing are largely within the agribusiness sector. Kingston and St. Andrew were the parishes with the largest percentage of interventions followed by St. Catherine. This is not surprising as these are the major industrial belts within the country.”</i> (p.6).</p>

I-3.3.3	<p><b>Jamaica:</b></p> <p><b>CAIPA - Caribbean region</b></p> <p><b>DRGEP (GBS) - Jamaica</b></p> <p><b>Competitive Jamaica:</b> No evidence of this.</p>
<b>JC 3.4</b>	<b><i>The implementation showed that funding vehicles or aid modalities were appropriate to tackle challenges and to do so efficiently and in synergy with other vehicles</i></b>
<b>Findings at JC level</b>	<p>PSD assistance through Budget Support:</p> <ul style="list-style-type: none"> <li>• Powerful tool for macro-level I&amp;R changes; more impact when underpinned by accompanying TA (IDB) (MN819, 820, 828, 831)</li> <li>• Improvements in monitoring of the meeting of the conditionalities and in the reporting for disbursement of tranches, TA introduced at Ministry of Finance in view of novelty of aid modality (MN819, 820, 828)</li> <li>• Set targets for 4 years (as per initially designed) unlike IDB and WB policy-based loans where targets renegotiated annually; balance between managing changes in needs/context and maintaining strong, long-term objectives. (MN819, 820, 828, 831)</li> </ul>
I-3.4.1	Evidence provided in reports on the support concerning the appropriateness of instruments/modalities, their efficiency and synergies with other instruments/modalities
I-3.4.2	Stakeholders consider that instruments (specific instruments and/or the set of instruments) were appropriate and enhanced efficiency and synergies
I-3.4.1	<p><b>Jamaica:</b></p> <p>The country-level evaluation which looks at the Commission's assistance to Jamaica over the period 2002-2007 indicates that the Commission has supported PSD, via different instruments, in Jamaica since the 5th EDF. The evaluation also reports that the Commission's support has been complemented by the EIB's. The report however doesn't make a judgment on the level of appropriateness of instruments/modalities, their efficiency and synergies with other instruments/modalities: <i>"The EC's support to Private Sector Development (PSD) is significant, and the <b>mix of projects, resources and instruments proposed to address priority needs and contribute to the proposed objectives is being developed throughout several EDFs, where continuity and consistency in its actions is observed</b>"</i> (p. 31). The report continues: <i>"In the case of the Private Sector Development (PSD) focal area, the Credit Scheme for Micro and Small Enterprises (CSMSE) has run from the 5th to the 8th EDF; the Target Europe Project (TEP), from the 7th to the 8th EDF; the Trade Development Programme (TDP) from the 7th to the 8th EDF, and the Private Sector Development Programme (PSDP), currently being executed, was launched under the 9th EDF. <b>The total EC contribution represents €36 million.</b> The business development services programme under the PSDP is <b>supplemented by an EIB programme</b> to finance investments and a loan for SMEs. The EC has been also consistent in its commitment to providing Jamaica with a <b>sound macroeconomic environment</b>, and since 2000 three consecutive EC Support for Economic Reform Programmes (SERP I, II and III) have transferred direct budget support to the Government."</i> (p.40). <i>"Apart from EDF</i></p>

*funding, other instruments of EU cooperation have contributed significantly to Jamaica's development. Since Lomé I, the **European Investment Bank (EIB)** has funded loans from its own resources and risk capital to the amount of €144.2 million in Jamaica. Projects have been focused on development banks, the port and free zone of Montego Bay, the Kingston container terminal and the Telecommunication Company of Jamaica (now Cable & Wireless). In addition, **various EC budget lines** have helped to finance projects in the areas of cooperation with Non-governmental organisations (NGOs), environmental protection, human rights, gender issues and decentralised cooperation. Jamaica has also benefited from a total allocation of nearly €31 million since 1995 under the **Special System of Assistance to ACP banana producers**, which aims to increase the industry's competitiveness on the international market and/or the diversification of economic activities”.*

**Specifically on the EIB's support:** Under the section “overview of past and present EU cooperation”, the 2008-2013 CSP reports that: “**The focus of recent EIB lending is in line with the current CSS/NIP**, where some 38% of funds are targeted to the transport sector, **28% to financial intermediaries for on-lending to or investment in small and medium-sized enterprises**, and 7% to the water sector.” (p.29). The report however doesn't make a judgment on the level of appropriateness of its efficiency and synergies with other instruments/modalities.

**Specifically on the EDF**, the evaluation gives evidence of the negative aspects of the fund, which has led to inefficiencies: The country-level evaluation reports negative appreciations of “*the procedures, norms and rules of the 9th EDF*” “*being too rigid and inflexible [and which] have not contributed to efficient delivery of human, material or financial resources*” and “*A review of relevant documents and interviews conducted with all CSP participants, including beneficiaries, revealed dissatisfaction with the norms and procedures applied under the 9th EDF. Examples of how the programme is being affected can be seen in the number of requested riders, extensions, work variations, and transfer delays*” (p.9). The reason for such inefficiencies, are, according to the report, that: “*The PSDP was designed under the 8th EDF, when current 9th EDF rules were unknown, and some of the procurement procedures had to be modified. The supply of funds was delayed because JAMPRO<sup>1</sup> took around one year to set up the requested guarantee to proceed with the requested transfer of funds*” (p.45).

**Specifically on the Budget support, in support of a sound macroeconomic environment**, the evaluation report indicates that support has been positive, although it doesn't make a judgment on the level of efficiency and synergies of the BS with other instruments/modalities. The country-level evaluation indicates that, regarding the SERP III (ie. the €27 million Budgetary support to be disbursed in three tranches up to FY 2005/06 which includes a PSD component), “*the EC contribution has to be seen not as a contribution that in fact will act directly over the debt or it will make possible to restore growth and generate employment, but as a contribution to improve the institutional and technical capacity to manage the debt. [...] Its contribution are more related to helping the GoJ in managing and institutionalizing a system and a structure that can allow the authorities to plan and to make sound decisions over the efforts in bringing down the*

<sup>1</sup> JAMPRO, the Jamaican Promotions Corporation, established in 1990 - a government-owned authority led by a joint public-private sector board - is responsible for investment and export development and has also taken responsibility to offer services for MSME development (MSMEs with export potential)



*current debt and to reinstall conditions for economic growth.” (p.27). “The results produced under the SERP III programme, are significant in terms of process and operational aspects. The EC has played a significant role, for example, in establishing a structure to support the macroeconomic reform programme, and has supplied assistance to the Medium Term Framework (MTF, formerly called Medium Term Socio-Economic Policy Framework”.* (p.47).

**Specifically on the Banana Support Programme**, the country-level evaluation which looks at the Commission's assistance to Jamaica over the period 2002-2007 indicates it *“is very relevant as this crop is the second largest agricultural export for the island and employs between five and 10 per cent of the labour force. The Strategic Framework of Assistance (SFA) for Traditional ACP Suppliers was created in the context of the WTO decision against the European banana regime and of falling banana prices on the world market. In Jamaica, the SFA provides annual allocations of funds for financial and technical assistance to promote an efficient banana industry able to compete in a liberalised world market on a sustainable basis. The programme has been broadened since SFA 2001 and now also seeks to promote sustainable development in the traditional banana-growing areas of Jamaica (diversification component). This contributes to poverty alleviation as 16,000-20,000 rural family members will benefit both directly and indirectly from both the Banana Improvement and the Rural Diversification Component of the programme before its completion date in 2010.”* (p.40-1). Here again the report doesn't make a judgment on the level of appropriateness of efficiency and synergies of the Banana Support Programme with other instruments/modalities.

*“Efficiency Conclusion 2.1: Constraints imposed by the EC-inspired SFA management model has often caused timely delivery of inputs and execution of the planned activities to lag behind schedule. As a result of these delays, market prices for inputs have often risen between signature of the FA and the actual procurement, resulting in lengthy negotiated procedures and the splitting of investments across SFAs. Recommendation 2.1: Greater flexibility is required in disbursement to permit adaptation to changes in the project context. The rhythm of procurement should be a function of the absorption capacity of the sectors involved, not imposed by implementation agenda requirements.”* (Jamaica Country Report: Impact Evaluation of the Special Framework of Assistance for traditional ACP Suppliers of Bananas, period 2006 – 2008)

**Specifically on other Commission PSD regional and national instruments/programmes available**, the report indicates that no synergies were sought, either as duplications were possible or because Jamaica was not a priority country for those: *“Under the PSD focal sector, for example, some all-country programmes (Europe-ACP Business Assistance Scheme (EBAS) (finished), Centre for the Development of Enterprise (CDE), ProInvest and Caribbean Trade and Private Sector Development Programme (CTPSDP) (ongoing)) have proposed, or are proposing, support similar to that provided by bilateral programmes such as TEP, TDP and PSDP. This probably explains the limited use of these programmes. The all-ACP Pro-Invest Programme is not very active in Jamaica, where it has only two applications. The all-ACP programme offering assistance to micro-credit institutions, actively promoted by the Delegation, received 12 proposals, but none was accepted. The reason could be that many other ACP countries, far less experienced in micro-credit, were favoured over Jamaica. The Director of Caribbean Export, implementing the Caribbean Trade and Private Sector Development Programme (CTPSDP), visited Jamaica this March and came to an agreement with the PSDP*

	<p>for sharing information on programme activities and beneficiaries". (p. 55).</p> <p><b>CAIPA - Caribbean region</b></p> <p><b>DRGEP (GBS) - Jamaica</b></p> <p><b>Competitive Jamaica:</b></p> <p>On the coordination of PSDP with other instruments/programmes, the ex-post evaluation reports that "Little coordination took place with programmes of other development partner organizations of Europe, mainly because of the national character of PSDP, while the interventions of others donors are regional." (p. 5). "PSDP was a large programme that did not seek, <b>nor did it require much in terms of cooperation with other programmes supported by international development partner organisations. Cooperation or coordination might have been possible with national programmes (for instance the CIDA -micro credit programme, the USAID - value chains in the agricultural sector), as well as with regional projects (CIDA, DFID), but were apparently not pursued much.</b> » (p.35).</p> <p>On the efficiency of the PSDP programme, the ex-post evaluation reports that: "In view of the surpassing of some targets it is to be questioned whether the achievement of quantitative results did not compromise quality and sustainability. Apparently, pressure of achieving quantitative output targets was high and a serious concern for all involved. Programme planning directed at outcomes, clearly defining the benefits of activities for the target group, as well as a suitable monitoring system directed at the achievement of benefits, would have helped to avoid <b>PSDP's orientation towards quantity rather than quality.</b> » (p. 19).</p>
I-3.4.2	<p><b>Jamaica:</b></p> <p>See finding at JC level and:</p> <p>The country-level evaluation which looks at the Commission's assistance to Jamaica over the period 2002-2007 indicates that there was little international donor coordination on PSD and even cases of potential overlaps although steps were to be taken to alleviate this risk: "There is <b>no evidence of structured coordination in the PSD sector, which is hampered as in many other countries by bilateral interests such as donor visibility or business-to business cooperation with Jamaican companies. On one hand, the USAID "Road Map" project (legislation, regulation and process improvement), aimed at improving the investment climate, is most welcome and complements the EU intervention. However, the soon-to-start USAID "Commit" programme has a strong Business Development Services (BDS) component with potential overlaps with the PSDP. [...] JAMPRO has started an information exchange with USAID. If it turns out that the targets are similar, the two programmes should adopt some common criteria, for example exchanging beneficiary lists, and if both programmes adopt a sector approach, could usefully complement each other</b> » (p.56).</p> <p><b>CAIPA - Caribbean region</b></p> <p><b>DRGEP (GBS) - Jamaica</b></p> <p><b>Competitive Jamaica:</b> See above.</p>
JC 3.5	<b>Projects were implemented in line with planning, both in terms of timeliness and costs</b>
Findings at JC level	<p>Evidence of delays in implementation due in part to aid modality/funding vehicle/procedures:</p> <ul style="list-style-type: none"> <li>• Elements of 9th EDF procedures ill-fitted to dynamic/risk-prone PSD –</li> </ul>

	<p>even counter-productive? Major disconnect between selection and procurement procedures (guarantee, 3 bids, cost-sharing, retroactivity, documentary requirements) and market realities, ie. basic PS/large informal sector (small business with limited capacities to apply for assistance) (MN819, 822, 824, 825, 826, 827, 828, 831, 836, 837)</p> <ul style="list-style-type: none"> <li>• Novelty of 9th EDF rules and insufficient capacity at JAMPRO/“hand-holding” underestimated; TA introduced late in process (MN819, 821, 824, 826, 828, 831, 836, 837)</li> <li>• Importance of PSPD (amounts, 12 components) – evidence that too large to manage (MN819, 821, 824, 826, 828, 831, 836, 837)</li> </ul>
I-3.5.1	Stakeholders consider that timing and planning do fit requirements of private sector actors
I-3.5.2	Evidence provided in reports on the extent to which planned timing and costs were respected
I-3.5.3	Views of stakeholders on the extent to which planned timing and costs were respected
I-3.5.4	Factors having enhanced or hampered the respect of planning in terms of time and costs as displayed in reports and invoked by stakeholders
I-3.5.1	<p><b>Jamaica:</b> see finding at JC level.</p> <p><b>CAIPA - Caribbean region</b></p> <p><b>DRGEP (GBS) - Jamaica</b></p> <p><b>Competitive Jamaica:</b></p>
I-3.5.2	<p><b>Jamaica:</b></p> <p>There is more evidence of the contrary: Under the section “overview of past and present EU cooperation” of the 2008-2013, the CSP reports “<b>delays in the start of the private sector development programme, the period also witnessed improved IDP coordination</b>” (p. 26).</p> <p>The country-level evaluation which looks at the Commission’s assistance to Jamaica over the period 2002-2007 indicates that “<b>Examples of how the programme is being affected can be seen in the number of requested riders, extensions, work variations, and transfer delays</b>” (p.9). “<i>In the focal area of Support to the Private Sector (€20M) the results are not achieved due to a one-year delay, because of procedural difficulties. [...] However, due to the considerable delays in the completion of activities, the generation of final results is also still pending.</i>” (p.47).</p> <p>The RSP for 2008-2013 indicates that “<b>The main problems and constraints that delayed implementation of the 9th EDF are related to the late adoption of the regional programme as well as to procedural and financial implementation and institutional issues.</b> In an effort to address the institutional issues, the CARIFORUM and CARICOM Secretariats were integrated in March 2006 to allow for greater interaction in 9th EDF programme implementation. A new implementation modality in the form of a Contribution Agreement was signed between the CARIFORUM Secretariat and the EU for the implementation of regional projects. This arrangement enables the CARIFORUM Secretariat to largely manage programmes according to its own procedures which</p>

	<i>boosts ownership and assists with co-ordination of donor activities</i> ”. (p.29).
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<p><b>Competitive Jamaica:</b></p> <p>The ex-post evaluation reports slow implementation and significant delays, so that a 2 year extension of the contract was needed. Additional a mid-term review significantly changed the orientation of the programme. <i>“In October 2006, a mid-term review of PSDP was undertaken, raising concerns that the significant programme resources could not be drawn down in time because of the <b>slow implementation progress of PSDP at the time</b>. The review made recommendations to strengthen the PMU and to widen PSDP’s approach towards smaller and in particular clusters of small enterprises. Besides <b>an extension of the project period by 2 years</b> and the de-commitment of 2.5 Mill. Euro towards Hurricane Dean relief efforts, changes of PSDP during implementation related to a single 80:20 cost sharing ratio for grant support, reductions of certain target indicators as well as increases of funding for market penetration activities”</i> (p. 1). <i>“<b>The changes of approach, induced through the mid-term review, were critical for PSDP’s efficiency, so was the recruitment of the OSP team</b>”</i>. (p. 4). Those changes were: <i>“The mid-term review recommended that a strategic plan be elaborated, that additional competent staff be hired for the PMU and that the approach of the PSDP was modified, including catering for smaller firms and the informal sector, and in particular clusters of small enterprises »</i> (p.17-8)</p> <p>The evaluation indicates however how, the accumulated delays, in turn, put pressure on the programme managers to disburse funds, at the expense of the quality of outputs: <i>“<b>Delays in the implementation of PSDP shifted the focus on disbursement and achievements of targets, which seems to have blurred the larger picture of achieving MSME competitiveness. One interlocutor put it this way: “We were managing an EU-process, not a development process”</b>”</i> (p. 3)</p>
<b>I-3.5.3</b>	<b>Jamaica</b> see finding at JC level.
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<b>Competitive Jamaica:</b> See above.
<b>I-3.5.4</b>	<p><b>Jamaica:</b></p> <p>Under the section “overview of past and present EU cooperation” of the 2008-2013, the CSP reports that <i>“The private sector development programme, in particular, has started to be effectively implemented only recently, <b>due in part to the complexity of procedures</b> »</i> (p.27). The country-level evaluation which looks at the Commission’s assistance to Jamaica over the period 2002-2007 indicates that <i>“the procedures, norms and rules of the 9th EDF being <b>too rigid and inflexible</b> have not contributed to efficient delivery of human, material or financial resources. A review of relevant documents and interviews conducted with all CSP participants, including beneficiaries, revealed <b>dissatisfaction with the norms and procedures applied under the 9th EDF.</b>”</i> The report specifies that: <i>“<b>The PSDP was designed under the 8th EDF, when current 9th EDF rules were unknown, and some of the procurement procedures had to be modified. The supply of funds was delayed because JAMPRO took around one year to set up the requested guarantee to proceed with the requested transfer of funds</b>”</i> (p.45) (I-3.5.4)</p>

	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<p><b>Competitive Jamaica:</b>  <i>The ex-post evaluation reports that “The initial delays of PSDP were mainly the result of the new EDF regulations. It would have been necessary to acquaint PMU staff with these regulations”.</i> (p.4).</p>

<b>EQ 4</b>	<b>To what extent did the Commission contribute to make the institutional and regulatory framework more conducive to PSD?</b>
<b>JC 4.1</b>	<b><i>The Commission support was geared to tackling the main institutional and regulatory obstacles to PSD</i></b>
<b>Findings at JC level</b>	<p>I&amp;R support was provided under:</p> <ul style="list-style-type: none"> <li>• The DRGEP/GBS in order to support the business environment, specifically the cost of borrowing and standardizing the way to create a business, tax reform; ultimately to improve WB 'doing business ranking'. Preceded by previous BS "Support to the Economic Reform Programme (SERP)" (MN819, 820, 821, 828)</li> <li>• Some PSDP components (Competitive Committee, Support to BSOs and their lobbying activities; Brand Jamaica; the "one-stop shop" policy).</li> </ul> <p>In terms of needs analysis and design:</p> <ul style="list-style-type: none"> <li>• Under DRGEP: <ul style="list-style-type: none"> <li>○ Little evidence of prior diagnostic studies: under GBS, conditions based on MTF and discussions with international actors, and little evidence of structured dialogue with private sector (banks, PSOs) (MN820, 828, 829)</li> <li>○ Policy dialogue considered as key under GBS to discuss strategy-level issues (MN 819, 820, 821, 828)</li> </ul> </li> <li>• Under PSDP: little information on design of I&amp;R activities. Less access to government under project-approach, despite high-level steering committee. (MN 826, 828, 837)</li> </ul>
<b>I-4.1.1</b>	Identification of the main obstacles to PSD in terms of macro-economic environment and institutional and regulatory framework in the country/region in official documents /studies (national strategies or other documents/studies), including both the domestic environment and obstacles to the integration in regional and world economies
<b>I-4.1.2</b>	Commission strategy and programming documents refer to the obstacles mentioned in I-4.1.1 and gear the support to the removal of these obstacles (or justify alternative approaches)
<b>I-4.1.3</b>	The private sector was consulted for determining the priorities for helping remove the main institutional and regulatory obstacles to PSD
<b>I-4.1.4</b>	Stakeholders, and in particular the private sector, consider that Commission support was geared towards priorities for helping remove the main institutional and regulatory obstacles to PSD
<b>I-4.1.5</b>	Number of technical and economic analyses/fora covering major strengths and weaknesses of the private sector in third countries conducted with Commission support or, in the case of pre-existing studies and fora, utilised by the Commission in developing PSD activities targeting regulatory and institutional frameworks.
<b>I-4.1.1</b>	<p><b>Jamaica:</b></p> <p>The CSP mentions obstacles to PSD in terms of shortcomings in the macro-economic environment and institutional and regulatory framework: "<i>Other</i></p>

	<p><i>structural reforms which are needed to make investing in Jamaica more attractive include further privatisation, a reduction of administrative barriers, simplification of the system of incentives, reforming labour legislation, addressing the crime issue and facilitating private investment in public infrastructure. A stable and efficient legislative and institutional framework with transparent authoritative structures and accountable institutions is an essential prerequisite for a sustainable development, facilitating investment and, thus, economic growth. The recovery of growth also requires improvements in the quality of infrastructure, particularly in the transportation network. Improvements in this network are needed to facilitate efficient transport at reasonable costs and a more balanced regional distribution of economic activities. It is urgent, therefore, to formulate a roads sector policy and strategy with key stakeholders (public and private sectors as well as donors) to address road maintenance both through improved systems and adequate funding”</i> (p.21-22).</p> <p>The CSP also provides a rather detailed overview of the “political, economic and social situation” (p.15) which mention for instance legislative changes in the financial sector, “challenges for economic development” which identify the main shortcomings, notably levels of competitiveness, the state of the financial sector and structural reforms needed to make investment in Jamaica attractive (p.21-22). For instance, the CSP mentions that: “Lack of investment in new technologies has further contributed to lagging competitiveness in many companies, especially SMEs. Under these conditions there is an important risk that the private sector will be slow in responding to the new opportunities provided by macro economic reforms, and by trade liberalisation in the regional (CARICOM), inter-regional (e.g. Cotonou EPAs) and multilateral (WTO) contexts.” (p.28). The CSP also includes an Annex (N°4) which provides a detailed (3 pages) assessment of the state of PSD in Jamaica. (I-4.1.1)</p> <p><b>CAIPA - Caribbean region</b></p> <p>Regional Arbitration (in the event of a dispute concerning their investment) was one of the activities intended to be supported under this programme. The grant contract indicates that this would require for CAIPA to carry out a detailed legal review of the legislation in the Member countries to ascertain:</p> <ul style="list-style-type: none"> <li>▪ « The existing legal situation and whether such a process already exists in practice, or in law but not yet implemented.</li> <li>▪ Whether such a service is allowable under Member country laws and what legislative changes might be required</li> <li>▪ What legislation will be required in order for the process to be effective and have binding powers over its decisions?</li> <li>▪ What systems are in operation in other jurisdictions, how they work, their effectiveness and their acceptance by investors » (p.14).</li> </ul> <p>There is no information on whether this has effectively taken place.</p> <p><b>DRGEP (GBS) – Jamaica:</b></p> <p>No evidence of this in the programming documents consulted. It must be specified that only condition n°7 (out of the GBS’s 9 conditions) is PSD relevant. It is in the area of the simplification of business procedures.</p> <p><b>Competitive Jamaica</b></p>
I-4.1.2	<p><b>Jamaica:</b></p> <p>The CSP presents how the Commission’s 2001-2007 strategy is geared towards the support to the removal of these obstacles: “The strategy is composed of the following</p>

	<p><i>components.</i></p> <ol style="list-style-type: none"> <li>1. <i>A macro-economic support programme providing assistance to the government's economic reform programme aiming at a stable macro-economic environment and at the achievement of government's policy to reduce poverty and its targets set for the social sectors [...]The programme will also assist government in its efforts to strengthen public finance management..</i></li> <li>2. <i>Private Sector Development through developing a broad-ranged programme of business advisory services, to strengthen the supply response once macro conditions improve and to deal with a more open economic environment resulting from the extension and deepening of regional and global co-operation agreements. This programme of business advisory services will be supplemented by an EIB programme of financing for investments to be made by SMEs in core sectors of the economy, and accessible through banks. A more robust private sector will contribute directly to employment creation and poverty reduction.</i></li> <li>3. <i>A sector-based approach to the transport sector. [...]. This programme supports private sector and export development, especially in areas outside the capital by improving access and reducing transportation costs, enforcing the impact of the macro and private sector programmes on employment and poverty reduction.</i></li> </ol> <p>More specifically, the CSP 2001-2007 mentions, p; 34, that “<i>The major interventions foreseen are business support services aiming at sector policy formulation and <b>updating, improving the legislative and regulatory environment for private business,</b> strengthening the capacity of representative private sector organisations, provision of comprehensive assistance to individual companies on improving the efficiency of their operations (e.g. business plans, loan applications, introduction of IT restructuring debts, product design, technology, organisation of production, manpower development, marketing approach), guidance on and training in standardisation and certification requirements. The programme components will be developed through and implemented in a cluster approach, thereby inter-linking all relevant partners, i.e. business, government departments, banks, private sector organisations and addressing their respective needs/constraints in a comprehensive and inter-related manner”.</i> (I-4.1.2)</p> <p><b>CAIPA - Caribbean region</b></p> <p><b>DRGEP (GBS) – Jamaica:</b> See above.</p> <p><b>Competitive Jamaica</b></p>
<p><b>I-4.1.3</b></p>	<p><b>Jamaica:</b></p> <p>The country-level evaluation which looks at the Commission's assistance to Jamaica over the period 2002-2007 indicates that “<i>Further evidence of the consultation process is to be found under the Private Sector component. For example, PSD programme stakeholders stated during interviews that <b>they were duly consulted when the PSDP was designed.</b> The roles of the key executing private sector organisations and support institutions are defined in a Memorandum of Understanding (MoU) signed by the NAO and representative institutions (Jampro, Private Sector Organisation of Jamaica, Jamaica Business Development Centre) and are also endorsed by the Jamaica Exporters' Association, the Jamaica Manufacturers' Association and the Small Business Association of Jamaica. These are all represented on the Steering Committee. Some of them are also beneficiaries of component number one. <b>For the remaining actions (SERP III, HRDIS, PRP II, etc), active participation has been reported during the design and implementation phases”.</b> (p.42-3). (I-4.1.3)</i></p> <p><b>CAIPA - Caribbean region</b></p> <p><b>DRGEP (GBS) – Jamaica:</b> See above.</p>



	<b>Competitive Jamaica</b>
<b>I-4.1.4</b>	<b>Jamaica:</b> See finding at JC level.
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) – Jamaica:</b> See above.
	<b>Competitive Jamaica</b>

I-4.1.5	<b>Jamaica:</b> The CSP includes an Annex (N°4) which provides a detailed (3 pages) assessment of the state of PSD in Jamaica. (I-4.1.5)
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) – Jamaica:</b> See above.
	<b>Competitive Jamaica</b>
<b>JC 4.2</b>	<b><i>The Commission has had strong policy dialogue on the institutional and regulatory frameworks</i></b>
<b>Findings at JC level</b>	
<b>I-4.2.1</b>	Number, level and depth of contacts with public authorities
<b>I-4.2.2</b>	Number, level and depth of contacts with other policy actors (e.g. business associations, non-state actors, IMF/WB, other donors)
<b>I-4.2.3</b>	Evidence exists of Commission leadership in or contribution to dialogue with policy actors
<b>I-4.2.4</b>	Evidence exists of Commission contribution to private-public dialogue
I-4.2.1	<b>Jamaica:</b> No evidence in the CSPs or country-evaluation consulted.
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) – Jamaica:</b> A GBS necessarily implies strong political dialogue between the Commission and national authorities on the meeting of conditionalities and the disbursement of fixed and variable tranches. In the case of the DRGEP, the Financial agreement includes amongst the main activities presented: “ <i>Policy dialogue on achievement of the expected results; ensuring predictability of flow of funds to the Treasury through timely and accurate monitoring of disbursement conditions for the release of the tranches.</i> ” (p.1). Amongst the conditions defined under this GBS, one out of 9 is specific to PSD, namely “ <i>improve and streamline bureaucratic processes for business establishment and operation</i> ” (p. 6), which are related to EQ4.
	<b>Competitive Jamaica:</b> No evidence of this in the programming documents and evaluation documents consulted
I-4.2.2	<b>Jamaica:</b> Only information : “The IDB and WB are active in PSD.” (MN602).
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) – Jamaica:</b>
	<b>Competitive Jamaica:</b> See above.
I-4.2.3	<b>Jamaica:</b> See above.
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) – Jamaica:</b> See above.
	<b>Competitive Jamaica:</b> See above.

I-4.2.4	Jamaica: See above.
	CAIPA - Caribbean region
	DRGEP (GBS) – Jamaica: See above.
	Competitive Jamaica: See above.
JC 4.3	<i>The institutional and regulatory frameworks have been strengthened</i>
Findings at JC level	<p>On results of I&amp;R reforms:</p> <ul style="list-style-type: none"> <li>Two variables tranches of DRGEP released: BS effective instrument yet full ownership of reform process if some conditions achieved through other donor assistance support, as reported?; (MN820, 828, 830)</li> <li>Comments that I&amp;R (ie. Business enabling environment) needed addressing before meso and micro-level interventions such as PSDP or TDP (MN825, 829, 830, 837)</li> <li>Some policies documents developed by JAMPRO under PSDP but lack of information on status (enactment, implementation?) (MN819, 821)</li> </ul>
I-4.3.1	Reports / stakeholders show that new laws and regulations have been issued and are enforced
I-4.3.2	Reports / stakeholders show that required institutions have been created or developed and are operational
I-4.3.3	Evidence exists of Commission role in strengthening of institutional and regulatory frameworks
I-4.3.4	Stakeholders consider that Commission interventions have maximised local government commitment by ensuring they are in line with the government's own agenda, consulting with relevant stakeholders and proposing reforms at the local or sub-national level.
I-4.3.1	Jamaica
	CAIPA - Caribbean region
	<p><b>DRGEP (GBS) – Jamaica</b></p> <p>At this stage, the information gathered is that Tranche I and II of the programme have been entirely disbursed (in 2009 and 2010) and thus the expected results achieved. Tranche III is pending given that Jamaica is currently off-track on the general conditions for budget support (MN602).</p> <p>A document from Jamaican counterparts indicates that under the general condition (for the release of the DRGEP's variable tranches) off the implementation of the Medium-Term Socio-Economic Framework (MTF) 2009-2012, which includes "enabling business environment" and "internationally competitive industry structures", both outcomes were produced, <b>including the passing of new bills:</b></p> <p><i>"During FY 2009/2010, 1,267 applications were made to register new parcels of land, 928 first registration titles were issued, as well as 83 new splinter titles from other types of applications. In respect of existing titles, a total number of 445 titles were updated. On March 29, 2010 the Cybercrimes Bill was passed through the Houses of Parliament. The Credit Reporting Bill was passed in the Lower House" for "Enabling Business Environment" and "An Animal Health Act (AHA) has been drafted to replace the former Animal Diseases Import/Quarantine Regulation. The AHA seeks to steer Jamaica towards meeting</i></p>

	<p><i>internationally accepted standards for animal health.</i> » under “internationally competitive industry structures”.</p> <p>(Planning Institute of Jamaica, <i>Full analysis and justification for their request for the release of the second variable tranche</i>, no date, p.12).</p> <p><b>Competitive Jamaica:</b></p> <p><b>On new laws and regulations:</b> The ex-post evaluation reports that “PSDPs component 1 made efforts to support the emergence of an environment conducive to MSME growth. [...] <b>Policy proposals were elaborated, which appear well considered. Only very few of the proposals have actually led to decisions. Further follow up could enhance the effectiveness of these policy proposals</b>”. (p.3).</p> <p>“Policy proposals were elaborated. The evaluators were not able to look at the original proposals, but at the papers submitted for consideration to cabinet. <b>The proposals appear reasonable (registrar of collateral, a branding strategy, red tape reduction, a sustainability strategy for the TGCC, bankruptcy and insolvency laws, a special window for MSME loans at the DBJ) and well considered, though not particularly innovative. Only very few of the proposals have actually led to decisions. Further follow up could enhance the effectiveness of these policy proposals</b>” (p.28).</p> <p>The 2009 Final PSDP report indicates that “<b>All six (6) policy proposals have been submitted and four (4) have advanced for consideration by Cabinet. These are policy papers for Reduction of Bureaucratic Redtape; Legislative Changes for a Virtual One Stop Shop for Starting Business; and Establishment of a Collateral Registry.</b>” (p.8). (I-4.3.1)</p>
I-4.3.2	<p><b>Jamaica</b></p> <p><b>CAIPA - Caribbean region</b></p> <p><b>DRGEP (GBS) – Jamaica</b></p> <p>See I-4.3.1 and a document from Jamaican counterparts indicates that under the general condition (for the release of the DRGEP’s variable tranches) off the implementation of the Medium-Term Socio-Economic Framework (MTF) 2009-2012, which includes “enabling business environment” and “internationally competitive industry structures”, both outcomes were produced, <b>including the reinforcement of accreditation bodies:</b> “On March 3, 2010, visiting international consultant Manfred Kindler did a 30 Milestone Evaluation of the Jamaica National Agency for Accreditation (JANAAC) in order to determine how close JANAAC was to being able to sign the Mutual Recognition Arrangement (MRA) of the International Laboratory Accreditation Cooperation (ILAC). JANAAC must complete 30 of these milestones in order to sign the ILAC/ MRA. To date, JANAAC has completed 24 milestones and partially completed the other six. These findings were discussed with the Accreditation Council on March 4, 2010. In the framework of the National Export Strategy (NES), Jamaica Agro-Processors Association (JAPA) met with IDB to seek funding for their action plan, NES Team Leaders met in February 3, 2010, NES Focal Point Officers met on February 16, 2010, ten (10) cross-cutting and two (2) industry sessions were carried out » for “internationally competitive industry structures” and “new Plant Quarantine office has been established at the port in Ocho Rios.”</p> <p>(Planning Institute of Jamaica, <i>Full analysis and justification for their request for the release of the second variable tranche</i>, no date, p.12).</p> <p><b>Competitive Jamaica:</b></p> <p><b>On institutions:</b> The ex-post evaluation reports a number of achievements: “PSDPs component 1 made efforts to support the emergence of an environment conducive to</p>

	<p><i>MSME growth:</i></p> <ul style="list-style-type: none"> <li>▪ <i>the Target Growth Competitiveness Committee (TGCC) was created, which has now been institutionalised as the National Competitiveness Council.</i></li> <li>▪ <i>Various capacity building measures were carried out to strengthen PSOs, including JAMPRO and JBDC<sup>2</sup>. The low level of collaboration between PSOs continues to be an important bottleneck towards an effective MSME support system in Jamaica, requiring further coordination and capacity building efforts.</i></li> <li>▪ <i>An important achievement was the setting up of advisory centres (EC/BIPs<sup>3</sup>) around the country in partnership with private sector organisations such as chambers or other public or private organisations. The centres are still young; sustainable ways to finance them need to be found.”. (p.3).</i></li> </ul> <p>« <i>Capacity building measures consisted of training and in many cases of the supply of computers and software in order to facilitate a good management information system”</i>. (p.28) (I-4.3.2)</p>
<b>I-4.3.3</b>	<b>Jamaica</b>
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<p><b>Competitive Jamaica:</b></p> <p>Evidence of strengthening of institutional and regulatory frameworks:</p> <p>Very few of the Policy proposals elaborated in the frame of the PSDP have actually led to decisions. The PSDP led to the creation of the National Competitiveness Council as well as advisory centres (EC/BIPs<sup>4</sup>) around the country. JAMPRO and JBDC were strengthened but there is low collaboration between PSOs in Jamaica. (I-4.3.3)</p>
<b>I-4.3.4</b>	<b>Jamaica</b> See finding at JC level.
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<b>Competitive Jamaica</b>

<sup>2</sup> JAMPRO, the Jamaican Promotions Corporation, established in 1990 - a government-owned authority led by a joint public-private sector board - is responsible for investment and export development and has also taken responsibility to offer services for MSME development (MSMEs with export potential). The Jamaica Business Development Corporation (JBDC) is the largest MSME support organisation in Jamaica.

<sup>3</sup> Export Centre/Business Information Point.

<sup>4</sup> Export Centres/Business Information Points.

<b>JC 4.4</b>	<b><i>The strengthening of the institutional and regulatory framework has contributed to the creation, better functioning and growth of enterprises</i></b>
<b>Findings at JC level</b>	Little evidence of impact on private sector base (end beneficiary) (MN 822, 825, 827, 829, 837)
<b>I-4.4.1</b>	Evidence that enterprises have benefited from an improved framework and environment
<b>I-4.4.1</b>	<b>Jamaica</b>
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<b>Competitive Jamaica</b>

EQ 5	To what extent did the Commission contribute to improve access to finance by enterprises?
Other relevant information (not captured elsewhere)	<p><b>Caribbean region</b></p> <p>The RSP 2008-2013 indicates that the EIB has provided various types of funding to regional-level projects <i>“In the financial sector, where the Bank has been requested to work towards broadening and deepening of the markets, EIB projects have made a contribution to providing funds on a regional or sub-regional basis - in regional venture capital and investment capital, in microfinance and in global loans to support small and medium sized enterprises. Under the Second Financial Protocol of Cotonou the EIB has developed a pipeline of projects that should ensure continued financing of regional infrastructure and private sector capacities to contribute to the interconnectivity and integration of the region.”</i> (p.30).</p> <p>However the RSP also indicates that <i>“Significant multiplier benefits would be achieved if this could be aligned with Commission grant funding.”</i> (p.30). which could indicate that this had <b>not</b> been achieved.</p>
JC 5.1	<i>The Commission's support was informed by an analysis of the country/region's main constraints in terms of access to finance for enterprises (whether they were primarily on the demand or on the supply side or both)</i>
Findings at JC level	<p>“Access to finance” support under:</p> <ul style="list-style-type: none"> <li>• Two components under PSDP: “Corporate Finance Broker” and “Mutual Guarantee Company”; some support to both supply and demand sides;</li> <li>• EU-ACP MicroFinance Programme: some focus on constraints of microenterprises</li> <li>• No EIB involvement (despite being foreseen under 9th EDF) partly due to over-liquidity of financial system</li> </ul>
I-5.1.1	Existence of documented analysis of the countries'/regions main constraints in terms of access to finance (demand and supply side)
I-5.1.2	In its strategy/programming documents the Commission refers to these analyses
I-5.1.3	Stakeholders, in particular from the private sector, consider that the constraints identified are the right ones
I-5.1.3	The Commission support was geared towards tackling the constraints identified in these analyses
I-5.1.5	Number of Commission interventions in the area of access to finance that have been conducted in cooperation with other financial institutions
I-5.1.1	<p><b>Jamaica</b></p> <p><b>CAIPA - Caribbean region</b></p> <p><b>DRGEP (GBS) - Jamaica</b></p> <p><b>Competitive Jamaica</b></p>
I-5.1.2	<p><b>Jamaica:</b></p> <p>The 2001-2007 CSP itself (rather than referencing documented analysis) mentions some of Jamaica's constraints in terms of access to finance <i>“The restoring of the</i></p>

	<p><i>financial sector, through restructuring and the introduction of prudential regulations, is required to improve financial inter-mediation and efficient allocation of resources to the private sector in support of higher growth (I-5.1.2).</i></p>
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<b>Competitive Jamaica</b>
<b>I-5.1.3</b>	<b>Jamaica</b>
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<b>Competitive Jamaica</b>
<b>I-5.1.4</b>	<p><b>Jamaica:</b></p> <p>The 2001-2007 CSP mentions that “<i>The private sector development component will also address capacity constraints in the banking sector in support of an EIB financing programme for SMEs</i>”. (p. 28).</p> <p>The 2001-2007 CSP indicates that amongst the expected results of the PSD programme: “<i>The project will also result in an improved capacity of the banking sector in lending to small and medium-sized enterprises and in facilitating the implementation of an EIB lending/ loan guarantee programme for SMEs</i>” (p. 28).</p> <p>The 2001-2007 CSP also indicates that its support can be complemented by EIB activities to support the financing of investment by SMEs: “<i>The European Investment Bank shares the analysis of the Jamaican economic situation. <b>The role it can play as a lender integrates well into the private sector development programme of the EC Country Support Strategy.</b> Traditionally the Bank provides financing, loan and equity, for investments for expansion and refurbishment by small and medium sized enterprises through local financial intermediaries. To date EIB funds have been accessible through the Development Bank of Jamaica, the Jamaica Venture Fund and the Trafalgar Development Bank. <b>Under the Investment Facility of the 9th EDF the EIB intends to expand the network of financial intermediaries through which it works in Jamaica. This will be done through the establishment of lines of credit, for financing of investments made by SMEs active in core sectors of the economy, accessible through banks meeting the financial and operational requirements of the Bank. Financing under this facility may, where appropriate, be combined with the business advisory services proposed by the Commission.</b> The facility features will depend on requirements identified and market conditions and may include equity/ quasi-equity in addition to loans, as well as the possibility for disbursements in different currencies. In addition to this the Bank will continue to provide direct financing to larger projects considered to be financially viable and of economic priority to Jamaica.</i> » (p. 30).</p>
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<b>Competitive Jamaica</b>
<b>I-5.1.5</b>	<b>Jamaica</b>



	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<b>Competitive Jamaica</b>
<b>JC 5.2</b>	<b><i>At the macro-level, the Commission has addressed the constraints in the business environment for larger enterprises and MSMEs to develop</i></b>
<b>Findings at JC level</b>	Evidence of limits in approach to addressing constraints to access to finance (targeting, supply/demand-side). (MN829, 830, 838)
<b>I-5.2.1</b>	Steps were taken to facilitate the creation of formal enterprises, through accessible procedures of registration
<b>I-5.2.2</b>	The Commission has supported the regulatory environment of financial intermediaries to facilitate their lending to, and/or investment in, MSMEs
<b>I-5.2.1</b>	<b>Jamaica</b>
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) – Jamaica</b> Facilitation the process of business registration was one of the DRGEP's conditions (N°7). According to two documents consulted and an interview (MN602), activity 7.A.II – “€0.733m: Approval by Cabinet of "Flow Charts and Procedures Manual for All profiles of Applications in the Business Process" aimed at ensuring a 90-day response time for all applications” was compliant: “ <i>The purpose of DRGEP-supported Activity 7.A-II is to contribute to improving the business environment and economic activity by simplifying, speeding-up and unifying island-wide, the processes by which developers apply and get approval for their development projects.</i> » and “ <i>On July 16, 2010, the Cabinet Offices transmitted to PJOJ the Procedural Manual and Process Flow Charts for Business Applications as approved by Cabinet Decision # 25/10 dated June 28, 2010 (GS53).[...] It reflects efforts undertaken by the GoJ to improve efficiency in the processing of development applications by establishing a one stop shop consistent permit system (in line with the new Building Code), and to render decisions on such applications in less than ninety (90) days.</i> ” (Planning Institute of Jamaica, <i>Full analysis and justification for their request for the release of the second variable tranche</i> , no date, p.32).
	<b>Competitive Jamaica</b>
<b>I-5.2.2</b>	<b>Jamaica</b>
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<b>Competitive Jamaica</b>
<b>JC 5.3</b>	<b><i>Support targeted enterprises that were facing difficulties in obtaining financial products and services</i></b>
<b>Findings at JC level</b>	On results of “access to finance” support: Under PSDP: Mixed evidence on “Corporate Finance Broker” (also question on ratio n° of dossiers supported/n° of loans enabled); little targeting of enterprises with most difficult access to finance. (MN 824, 825, 828, 829, 830)  In addition, the EU-ACP MicroFinance Evaluation found:

	<ul style="list-style-type: none"> <li>• Lack of study on the demand for loans in Caribbean region. A key issue, as the capacity-building component aimed at developing microcredit products with select MFIs,</li> <li>• Lack of evaluation of legal and regulatory framework for microfinance, needed to estimate whether this environment would be enabling for the sector, and to decide on potential actions at this level.</li> </ul>
I-5.3.1	The Commission had a specific approach to identify those enterprises that were facing difficulties in obtaining loan and investment funding
I-5.3.2	The Commission identified the specific constraints these enterprises were facing
I-5.3.3	The Commission support was geared to these enterprises and aimed at tackling their specific constraints, including specifically for MSMEs (core constraints of lack of capitalisation and lack of collateral)
I-5.3.1	<b>Jamaica:</b> The NIP under the CSP 2001-2007 presents the Private Sector Development programme's performance indicators, which includes "Number of SMEs receiving loans from financial institutions », « Loan default rate of SMEs by size" (p. 37). (I-5.3.1).
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<b>Competitive Jamaica:</b> The ex-post evaluation reports that " <i>The subsidy ratio of 80:20 has no economic justification. Such subsidy rates risk that investments are made that would not be made under competitive conditions.</i> " (p. 5). " <i>Private sector development should take into consideration that the absorption capacity of MSMEs is limited, and that spoon feeding MSMEs and offering them free money can lead to serious negative impacts. This calls for support projects that are smaller in volume and are stretched over longer periods of time</i> ". (p. 6).
I-5.3.2	<b>Jamaica</b>
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<b>Competitive Jamaica</b>
I-5.3.3	<b>Jamaica:</b> The ex-post evaluation indicates that " <i>The <b>Corporate Finance Broker (CFB) component</b> is regarded as having been <b>very effective</b>. According to the progress reports, a <b>large number of MSMEs was advised and 100 loans were facilitated</b>. This appears adequately efficient for a 5-year programme. The study on the Mutual Guarantee Company was professionally done and in parts taken up by JDB (though the loan guarantee facility is obviously no longer working). A positive aspect was that the <b>CFB approach was rolled out to the EC/BIPs</b>, which have found an important role in matchmaking between MSMEs and banks, writing business plans.</i> " (p.30).
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<b>Competitive Jamaica</b>

<b>JC 5.4</b>	<b><i>At the meso-level, the Commission has supported the intermediary organisations supporting enterprises (large and MSMEs)</i></b>
<b>Findings at JC level</b>	On results: <ul style="list-style-type: none"> <li>• Within PSDP: Feasibility Study on “Mutual Guarantee Company” not used; (MN836, 837, 825, 826)</li> <li>• Within the EU-ACP MicroFinance programme: Positive: built capacity of MFIs in their financial activities (risk assessment, cleaning their portfolio (delinquency)) yet less evidence of trickle-down effect to MSMEs</li> </ul>
<b>I-5.4.1</b>	Stakeholders consider that the Commission has selected those private sector representative organisations that have a real impact
<b>I-5.4.2</b>	Intermediary Organisations supported by the Commission have, during the period of support, implemented activities designed to increase capacity of private sector enterprises to obtain funding from bank or non-banking institutions
<b>I-5.4.1</b>	<b>Jamaica</b>
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<b>Competitive Jamaica</b>
<b>I-5.4.2</b>	<b>Jamaica</b>
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<b>Competitive Jamaica:</b> The ex-post evaluation indicates that “ <i>The Corporate Finance Broker (CFB) component is regarded as having been very effective. According to the progress reports, a large number of MSMEs was advised and 100 loans were facilitated. This appears adequately efficient for a 5-year programme. The study on the Mutual Guarantee Company was professionally done and in parts taken up by JDB (though the loan guarantee facility is obviously no longer working). A positive aspect was that the CFB approach was rolled out to the EC/BIPs, which have found an important role in matchmaking between MSMEs and banks, writing business plans.</i> ” (p.30).
<b>JC 5.5</b>	<b><i>The ability of enterprises to obtain financial products and services has been strengthened</i></b>
<b>Findings at JC level</b>	See finding under JC 5.4.
<b>I-5.5.1</b>	Improvements in enterprises’ capacities to submit bankable dossiers and evidence provided in this respect
<b>I-5.5.2</b>	Improvements in enterprises’ accounting practices and evidence provided in this respect
<b>I-5.5.3</b>	Improvements in dealing with enterprises’ lack of capitalisation (e.g. through seed money, venture capital) and lack of collateral (e.g. guarantee schemes) and evidence provided in this respect
<b>I-5.5.1</b>	<b>Jamaica</b>

	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<b>Competitive Jamaica</b>
<b>I-5.5.2</b>	<b>Jamaica</b>
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<b>Competitive Jamaica</b>
<b>I-5.5.3</b>	<b>Jamaica</b>
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<b>Competitive Jamaica</b>
<b>JC 5.6</b>	<b><i>Supported financial institutions have improved their ability to mobilise funding and/or act as intermediaries</i></b>
<b>Findings at JC level</b>	Limited evidence but reported major stumbling block of banks unused to doing retail banking, especially with SMEs (MN820, 828, 829)
<b>I-5.6.1</b>	Commission strategy and programming documents foresee support for the mobilisation of private funding sources including private savings
<b>I-5.6.2</b>	Commission strategy and programming documents foresee support for more efficient financial markets
<b>I-5.6.3</b>	Central Bank monitoring data show an increase and diversification of private funding sources including private savings
<b>I-5.6.4</b>	Stakeholders consider there is a linkage between the observed evolutions in funding mobilisation and the Commission's support
<b>I-5.6.5</b>	Local financial institutions have improved their mobilisation and intermediation to effectively channel resources and adapt financial services/products to the needs of local enterprises and notably of MSMEs
<b>I-5.6.1</b>	<b>Jamaica</b>
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<b>Competitive Jamaica</b>
<b>I-5.6.2</b>	<b>Jamaica:</b> The NIP under the CSP 2001-2007 presents the Private Sector Development programme's logical framework, which include as a result "Capacity of financial institutions strengthened" and amongst other performance indicators: "Number of financial institutions assisted", and "Bank staff trained" (p. 37). (I-5.6.2).
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<b>Competitive Jamaica</b>

I-5.6.3	Jamaica
	CAIPA - Caribbean region
	DRGEP (GBS) - Jamaica
	Competitive Jamaica
I-5.6.4	Jamaica
	CAIPA - Caribbean region
	DRGEP (GBS) - Jamaica
	Competitive Jamaica
I-5.6.5	Jamaica
	CAIPA - Caribbean region
	DRGEP (GBS) - Jamaica
	<p><b>Competitive Jamaica:</b></p> <p>The ex-post evaluation reports that “<i>Commercial banks have introduced MSME financing windows, which sustainably facilitates the access to finance that PSDP has promoted</i>”. (p. 5).</p> <p>The 2009 Final 2009 report indicates that: “<i>Over the implementation life of the programme, the local commercial banks all moved to establish MSME units focusing on MSME lending, training and development. With this development, the business development services of the CFB started the shift from being supply-led to being demand-led, supporting these lending institutions under collaborative agreements now totaling thirty five (35). The Development Bank of Jamaica launched a credit guarantee scheme, development of which had inputs from the feasibility study delivered under the MGC component.</i> » (p.8).</p>
<b>JC 5.7</b>	<b><i>Among MSMEs, the Commission has addressed the constraints of micro-enterprises</i></b>
<b>Findings at JC level</b>	Some focus on constraints of microenterprises (PSDP, clusters, MicroFinance Programme).
I-5.7.1	The Commission has analysed the specific problems of micro-enterprises in countries of intervention
I-5.7.2	The Commission has addressed the capacity problems of micro-enterprises in terms of submitting bankable financing requests to financial intermediaries
I-5.7.3	The Commission has addressed the capacity problems of micro-enterprises in terms of management capacity, accounting, and transparency
I-5.7.4	Evidence that MSMEs have improved their access to finance and role of the Commission support in this respect
I-5.7.1	<p><b>Jamaica:</b></p> <p>The country evaluation has identified a number of shortcomings in the relevance of the programming which has been linked to insufficient knowledge of the private sector environment. Indeed, the country-level evaluation which looks at the Commission’s assistance to Jamaica over the period 2002-2007 is rather negative and reports that in fact “<i>Actions to support private sector development, for example, are not fully coordinated with GoJ policy towards this sector. In this case, the CSP has minimised the relevance of the fact that the Jamaican economy functions</i></p>

	<p><i>mostly with micro and small scale enterprises, and that the informal economy represents around 40% of the business in Jamaica. The PSDP, however, targets Medium, Small and Micro Enterprises (MSMEs)."</i> (p.43).</p> <p>It continues: "<i>some problems have been identified at the design and operational levels that could affect the generation of benefits. PSDP, unlike the TDP, for example, includes micro enterprises as beneficiaries. However, according to Jamaica Business Development Centre (JBDC) and the Chamber of Commerce, most of them will not be able to use the Business Development Services (BDS) as they do not have the technical capacity to produce a sound and viable business plan yet. The Help Desk that is due to be set up should address this issue [...]Finally, it has been reported by some enterprises interviewed that even the formal micro enterprises targeted by the PSDP have limited capacity and insufficient skills to provide the information required in forms designed to offer access to programme activities"</i> (p. 48) (I-5.7.1)</p> <p><b>CAIPA - Caribbean region</b></p> <p><b>DRGEP (GBS) - Jamaica</b></p> <p><b>Competitive Jamaica:</b></p> <p>The ex-post evaluation reports that micro-enterprises were included in the PSDP only following the mid-term review: "<i>It appears that PSDP was never really sure whether it was to support the "needy", or "winners". In particular after the mid-term review had made recommendations to include micro enterprises and the informal sector, a clearer rationale for the approach would have been necessary"</i>. (p. 24).</p>
<p><b>I-5.7.2</b></p>	<p><b>Jamaica:</b></p> <p>The country-level evaluation which looks at the Commission's assistance to Jamaica over the period 2002-2007 indicates that programmes running in parallel to the PSDP, such as the All-ACP Programme offered assistance to micro-credit institutions but that none of the proposals submitted were accepted: "<i>The all-ACP Pro-Invest Programme is not very active in Jamaica, where it has only two applications. The all-ACP programme offering assistance to micro-credit institutions, actively promoted by the Delegation, received 12 proposals, but none was accepted. The reason could be that many other ACP countries, far less experienced in micro-credit, were favoured over Jamaica. The Director of Caribbean Export, implementing the Caribbean Trade and Private Sector Development Programme (CTPSDP), visited Jamaica this March and came to an agreement with the PSDP for sharing information on programme activities and beneficiaries"</i>. (p. 55).</p> <p>EU-ACP MicroFinance Programme:</p> <ul style="list-style-type: none"> <li>• some focus on constraints of microenterprises.</li> <li>• Positive results: built capacity of MFIs in their financial activities (risk assessment, cleaning their portfolio (delinquency)) yet less evidence of trickle-down effect to MSMEs;</li> <li>• Caveat: Priority was given to micro-credit, whereas real needs might have been on other microfinance products (e.g. savings) notably for cooperatives.</li> </ul> <p><b>CAIPA - Caribbean region</b></p> <p><b>DRGEP (GBS) - Jamaica</b></p>

	<b>Competitive Jamaica</b>
<b>I-5.7.3</b>	<b>Jamaica</b>
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<b>Competitive Jamaica</b>
<b>I-5.7.4</b>	<b>Jamaica</b>
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<p><b>Competitive Jamaica:</b></p> <p>The 2009 PSDP Final report indicates that: “<i>At the level of the firm, over <b>80%</b> of beneficiaries of grants and supporting business development services were micro and small enterprises.</i>” (p.6).</p> <p>The ex-post evaluation reports that “<i>The subsidy ratio of 80:20 has no economic justification. Such subsidy rates risk that investments are made that would not be made under competitive conditions.</i>” (p. 5). “<i>Private sector development should take into consideration that the absorption capacity of MSMEs is limited, and that spoon feeding MSMEs and offering them free money can lead to serious negative impacts. This calls for support projects that are smaller in volume and are stretched over longer periods of time</i>”. (p. 6).</p>

<b>EQ 6</b>	<b>To what extent did the Commission contribute to a better ability of enterprises, in particular SMEs, to compete and to access technology and new markets?</b>
<b>Other relevant information (not captured elsewhere)</b>	<p>The ex-post evaluation reports an additional positive effect brought on by the “Competitive Jamaica/PSDP” programme, namely the increased awareness in Jamaica of the importance of PSD and enterprises’ competitiveness: <i>“The evaluators found several positive impacts that could be connected to PSDP. It was plausibly confirmed that the recognition of the role of MSMEs for the development of Jamaica has significantly increased since PSDP was implemented. The approach to MSME development by the different organisations involved - public and private ones - has become more holistic and informed. In that regard, there has been some improvement of the MSME support system. The awareness of MSMEs, institutions and decision makers at government levels with regard to the importance of competitiveness has been sharpened - the evaluators heard this from several stakeholders interviewed.”</i> (p.32).</p> <p>The RSP for CARIFORUM for 2003-2007 also highlights two factors which impact the private sector’s competitiveness: the transport system which determines transport costs and the level of the labour force: <i>“It will be necessary to <b>develop new factors of competitiveness</b>. The objective of <b>training an internationally competitive labour force</b> will relate with the new paradigm of Caribbean competitiveness (knowledge-based economy). Support will focus on education and training at the technical and university level, based essentially on exchanges of capacity among education and training institutions within and outside the region, the reinforcement of distance education systems and the development of language skills. It will involve the development of regional capacity for education and training in services, including Information and Communications Technology (ICT). Progress must be made to <b>overcome the digital divide</b>, through an harmonized regulatory framework for communications services which fosters competition, the promotion of access to ICTs, and the establishment and development of the Information Society. Given the long distances in the region, air and sea transport play a major role. <b>High transport costs act as a disincentive to the exchange of goods and the movement of people, and are a constraint on improving competitiveness</b>. Improvements in transport will be linked to the implementation of Protocol VI of the CSME and will comprise regional policies, planning and networking, including synergies in the scope of the wider Caribbean. The objective is to achieve greater competition and efficiency in the transport sector, promoting a beneficial use of Caribbean locational advantages.”</i> (p.18).</p>
<b>JC 6.1</b>	<b><i>The Commission’s support to enterprise competitiveness was targeted on the basis of an analysis of the main shortcomings of enterprises in terms of competitiveness</i></b>
<b>Findings at JC level</b>	<p>Support to “companies’ competitiveness” under:</p> <ul style="list-style-type: none"> <li>• Banana and sugar assistance: diversification and improved productivity end objectives (MN819, 833, 821, 831)</li> <li>• DRGEP: rationalisation measures for public bodies/SOEs &amp; privatisation/divestment from debt-creating public bodies (Air Jamaica and Sugar Company) (MN820, 828)</li> <li>• PSDP/TDP/EPA programme: end objectives. Evidence of choice to build capacity of local BDS market over direct provision of BDS: clear shift between TDR and PSDP (shift to grants under calls for proposals)</li> </ul>



	(MN836, 819, 821)
I-6.1.1	Existence of documented analysis of the main shortcomings of enterprises in terms of competitiveness, including forward studies and surveys of key sectors or subsectors in regions/countries concerned
I-6.1.2	In its strategy/programming documents the Commission refers to these analyses
I-6.1.3	Stakeholders, in particular from the private sector, consider that the shortcomings identified are the right ones
I-6.1.4	The Commission support was geared towards tackling the shortcomings identified in these analyses
I-6.1.5	A critical mass of enterprises facing competitiveness problems (grouped by sector, or by potential exporting enterprises) has been targeted
I-6.1.6	PSD programming in the area of BDS and non-financial service provision has targeted sustainable reinforcement of the structures and functioning of local markets (as per Recommendation RI-2 of the 2005 Evaluation)
I-6.1.7	Number of BDS interventions aimed at reinforcing local BDS markets versus the number of interventions providing direct BDS services
I-6.1.1	<p><b>Jamaica:</b></p> <p>The CSP itself provides a rather detailed overview of the “political, economic and social situation” (p.15) which mention for instance legislative changes in the financial sector , “challenges for economic development” which identify the main shortcomings, notably levels of competitiveness, the state of the financial sector and structural reforms needed to make investment in Jamaica attractive (p.21-22). For instance, the CSP mentions that: “<i>Lack of investment in new technologies has further contributed to lagging competitiveness in many companies, especially SMEs. Under these conditions there is an important risk that the private sector will be slow in responding to the new opportunities provided by macro economic reforms, and by trade liberalisation in the regional (CARICOM), inter-regional (e.g. Cotonou EPAs) and multilateral (WTO) contexts.</i>” (p.28). The CSP also includes an Annex (N°4) which provides a detailed (3 pages) assessment of PSD.</p> <p>However the country-level evaluation which looks at the Commission’s assistance to Jamaica over the period 2002-2007 reveals shortcomings in the Commission’s analysis of Jamaica’s investment climate. The report indicates, regarding the EC’s support to PSD, that “<i>The review of the logic and programme components also reveals that the current strategy’s greatest limitation is that the meso and micro levels of intervention were heavily stressed in its design, without taking full account of the Communication on PSD development in ACP countries (COM1998/667): “The constraints on private enterprise in developing countries are primarily connected with the role of the public sector” (page 22). This probably stems from the lack of a detailed analysis of the investment climate in the CSP, in the pre-feasibility study for the PSDP, and consequently in the FA. This analysis is supposed instead to be carried out by the PSDP as one of the activities of the Competitiveness Committee. According to FA and the current CSP (“The sectors in which the strongest supply response is expected include agriculture, agro-processing, selected labour-intensive manufacturing, tourism, IT and other business services”), the PSDP is supposed to focus on some sectors indicated in</i></p>

	<p><i>the NIP. However, it does not do this, except under the activity of delivery of Consortia Business Development Services.</i>" (p.31). (I-6.1.1)</p> <p><b>Caribbean region</b></p> <p>The RSP does not reference any documented analysis of the main shortcomings of enterprises in terms of competitiveness, rather it stresses the fact that within the overall movement towards market and trade liberalisation (with the EPAs and the FTAA), <b>the private sector and SMEs in particular need to adjust to the increased competition</b> (RSP 2003-2007: "<i>An enhanced regional economic space further integrated into the world economy should enable the region to seize new economic opportunities through greater business collaboration, the development of new factors of competitiveness and diversification. In this framework, the RS will support the improvement of the regional business environment and competitive climate, the reinforcement of the capacity of private sector organisations and service providers, new forms of business collaboration, clustering and trade facilitation. RS support will focus on SMEs.</i>" (p.18). This is the objective of the sub-area "economic repositioning" within the focal area support to "intensification of regional integration".</p> <p><b>CAIPA - Caribbean region</b></p> <p><b>DRGEP (GBS) - Jamaica</b></p> <p><b>Competitive Jamaica</b></p>
<p><b>I-6.1.2</b></p>	<p><b>Jamaica</b></p> <p><b>Caribbean region: see I-6.1.1.</b></p> <p><b>CAIPA - Caribbean region</b></p> <p><b>DRGEP (GBS) - Jamaica</b></p> <p><b>Competitive Jamaica</b></p>
<p><b>I-6.1.3</b></p>	<p><b>Jamaica</b></p> <p><b>CAIPA - Caribbean region</b></p> <p><b>DRGEP (GBS) - Jamaica</b></p> <p><b>Competitive Jamaica:</b></p> <p>The ex-post evaluation reports that: "<i>The feasibility study for PSDP, conducted in 2003, apparently made no own assessments of needs of the target groups, nor of its absorption potential of the type of assistance suggested, but based its recommended approach on general assumptions as well as on the experience with the TDP, which was implemented by JAMPRO. These flaws were apparently owed to the short period of time given to complete the study. The mid-term review tried to repair this deficiency in a way, but was also constrained in identifying the most relevant areas of intervention and the most adequate approaches to be applied.</i>" (p. 24).</p> <p>The Ex-post evaluation of the "Competitive Jamaica" intervention/PSDP reports that the support to (M)SMEs was not sufficiently targeted/not sufficiently selective: "<i>It appears that PSDP was never really sure whether it was to support the "needy", or "winners". In particular after the mid-term review had made recommendations to include micro enterprises and the informal sector, a clearer rationale for the approach would have been necessary. It is important for a support programme such as PSDP, in</i></p>

	<p><i>particular one of the size of PSDP, to create value added, i.e. net growth effects. These can be achieved if enterprises with the capacity to develop better products are assisted to innovate and in accessing new markets. Such opening of new opportunities creates “pulling effects”, which then leave room for weaker enterprises to follow. <b>Selectivity is therefore an important element of successful private sector development approaches directed at the enterprise level. PSDP’s approach appeared ambivalent in this regard.</b>» (p.24).</i></p>
<p><b>I-6.1.4</b></p>	<p><b>Jamaica:</b></p> <p>On the extent to which Commission support was geared towards tackling the shortcomings of enterprises in terms of competitiveness, including forward studies and surveys of key sectors or subsectors in Jamaica:</p> <p>For the period 2001-2007:</p> <ul style="list-style-type: none"> <li>▪ The 2001-2007 CSP presents how one of the Commission’s response strategy addresses companies’ competitiveness as well as improving companies’ access to markets, via a road transport programme: <i>“The strategy is composed of the following components. [...] 2. Private Sector Development through developing a broad-ranged programme of business advisory services, to <b>strengthen the supply response once macro conditions improve and to deal with a more open economic environment resulting from the extension and deepening of regional and global co-operation agreements. This programme of business advisory services will be supplemented by an EIB programme of financing for investments to be made by SMEs in core sectors of the economy, and accessible through banks. 3. A sector-based approach to the transport sector. [...]. This programme supports private sector and export development, especially in areas outside the capital by improving access and reducing transportation costs, enforcing the impact of the macro and private sector programmes on employment and poverty reduction, p.26.</b></i></li> <li>▪ The CSP mentions, p. 34, that <i>“The major interventions foreseen <b>are business support services aiming at sector policy formulation and updating, improving the legislative and regulatory environment for private business, strengthening the capacity of representative private sector organisations, provision of comprehensive assistance to individual companies on improving the efficiency of their operations (e.g. business plans, loan applications, introduction of IT restructuring debts, product design, technology, organisation of production, manpower development, marketing approach), guidance on and training in standardisation and certification requirements.</b>”</i> (I-5.2.1).</li> <li>▪ The CSP 2001-2007 mentions specifically that the project purpose of the PSD programme is <i>«Improving the competitiveness of the SME sector.»</i> Expected results were: <i>“The EC support will result in <b>more competitive business practices in terms of management, product design and quality, organisation of production, working procedures, standards and technologies, as well as better access to financial institutions, especially for SME. In addition, business services for SME will have been improved</b>”</i>. (p.28). The NIP indicates further that approximately €20m will be reserved for the PSD sector.</li> <li>▪ The NIP includes the logical framework of the Private Sector Development Programme which includes amongst intended results “Business services improved”, “Access to business services improved”, “Management capacity in SMEs strengthened” and amongst its performance indicators: “Number of firms/institutions supported by type of support service provided by size”, “Improvement of services available to the private sector forstrengthening competitiveness” (p. 37).</li> </ul>

	<p>For the period 2008-2013:</p> <p><b>The 2008-2013 CSP did not focus on PSD at all</b> (but rather on macroeconomic stability and national security, in line with the government's Medium Term Socio-Economic Policy Framework for the period 2004-2007). However the 2008-2013 CSP mentions, under the section "other EU policies", (p. 30), <b>the "Multi-annual EU assistance strategy for the Adaptation of the Sugar Industry" and the "Special Framework of Assistance (SFA) for traditional ACP suppliers of bananas"</b> – which <b>both aim to support the competitiveness of commodity industries and their ability to compete in a liberalized world market</b> (following the end of preferential access under Lomé and Cotonou). The programmes included PSD components, notably and respectively, the diversification of sugar cane production (rum, renewable energies, ethanol) and diversification as a way to promote sustainable agricultural and non-agricultural development in traditional banana growing areas (p.31).</p> <p><b>Caribbean region:</b></p> <p>No analysis however <i>"An enhanced regional economic space further integrated into the world economy should enable the region to seize new economic opportunities through greater business collaboration, the development of new factors of competitiveness and diversification. In this framework, the RS will support the improvement of the regional business environment and competitive climate, the reinforcement of the capacity of private sector organisations and service providers, new forms of business collaboration, clustering and trade facilitation. RS support will focus on SMEs."</i> (p.18).</p> <p><b>CAIPA - Caribbean region</b></p> <p><b>DRGEP (GBS) - Jamaica</b></p> <p><b>Competitive Jamaica:</b></p> <p>The ex-post evaluation reports that <i>"Most efforts and funding went into component 2, aiming at greater competitiveness of MSMEs."</i> (p. 3). However <b><i>"Delays in the implementation of PSDP shifted the focus on disbursement and achievements of targets, which seems to have blurred the larger picture of achieving MSME competitiveness. One interlocutor put it this way: "We were managing an EU-process, not a development process"."</i></b> (p. 3).</p> <p>Additionally, the ex-post evaluation considers that the needs of the selected PSOs, within the PSDP programme, were not sufficiently analysed: <i>"Equally, the requirements of intermediary institutions, in particular the PSOs that were to play an important role in the implementation of PSDP, were, in the view of the evaluators, not assessed in adequate detail."</i> (p.24).</p>
<p><b>I-6.1.5</b></p>	<p><b>Jamaica</b></p> <p><b>CAIPA - Caribbean region</b></p> <p><b>DRGEP (GBS) – Jamaica</b></p> <p>A document from Jamaican counterparts indicates that under the general condition (for the release of the DRGEP's variable tranches) of the implementation of the Medium-Term Socio-Economic Framework (MTF) 2009-2012, which includes "enabling business environment" and "internationally competitive industry</p>

	<p>structures”, both outcomes were produced, <b>including measures to improve the competitiveness of the banana and cocoa sectors:</b> “<i>Under the Rural Diversification Programme, the Banana Sector Re-training Project was completed by March 2010 with the Human Employment and Resource Training/National Training Agency (HEART/NTA). The revitalisation of the Cocoa sector aims at rehabilitating 1,250 acres of cocoa, cultivating 350 acres of vegetables and establishing 9 greenhouses, 2,000 acres of root crops for processing, 75 acres of timber and 50 acres of agroforestry.</i>” (Planning Institute of Jamaica, <i>Full analysis and justification for their request for the release of the second variable tranche</i>, no date, p.12).</p>
	<p><b>Competitive Jamaica</b></p>
<p><b>I-6.1.6</b></p>	<p><b>Jamaica:</b></p> <p>The country-level evaluation which looks at the Commission’s assistance to Jamaica over the period 2002-2007 indicates that “<i>At the PSD and under the Credit Scheme for Micro and Small Enterprises (CSMSE) programme the credits provided did not decrease after the end of the programme as the GoJ decided to set up a similar MSEM programme with the same operational rules. However, for the Business Development Services (BDS), sustainability requires the strengthening of market conditions. This was not the case for Trade Development Project. <b>The design and implementation of the PSDP does not indicate how the programme will ensure a sustainable supply of BDS.</b></i>” (p. 52).</p> <p>“<i>In the case of the EU Banana Support Programme (EUBSP), sustainability of the first component is not yet certain as the farmers are not yet bearing any of the service costs. All stakeholders agree on the need to progressively transfer part of the cost of the BIP component to the farmers. Sustainability is at risk over the long term due to the lack of a long-term tariff against non-ACP bananas and the decline of world prices caused by the entry of new players. If this scenario materialises, Jamaica Producers Group, presently exporting 90% of Jamaican bananas, could seek alternative sources (Jamaica already accounts for only 35% of the Group's banana sales in the United Kingdom) and focus part of its production on the local market, which would the decline of small farmers.</i>” (p.39). (I-6.1.6)</p> <p><b>CAIPA - Caribbean region</b></p> <p>The CAIPA and the IPAs are intermediary organisations, which provided investment promotion services for the country/region, rather than business development services to enterprises.</p> <p>As far as the sustainability of the outputs of the programme is concerned, the grant contract mentioned the following: “<i>The long-term sustainability of the proposed activities, for which funding is being sought, will be dependent on the availability of continued finance. Following the conclusion of the funding currently being sought, there will be a number of sources of funding available to CAIPA, principally, the Member-states ongoing commitment to fund Caribbean Export and its related activities, including CAIPA. Other sources of finance are also currently being identified.</i>” (p.29).</p> <p><b>DRGEP (GBS) - Jamaica</b></p> <p><b>Competitive Jamaica:</b></p> <p>The ex-post evaluation reports that “<i>The subsidy ratio of 80:20 has no economic justification. Such subsidy rates risk that investments are made that would not be made under competitive conditions.</i>” (p. 5). “<i>Private sector development should take into consideration that the absorption capacity of MSMEs is limited, and that spoon feeding MSMEs and offering them</i></p>

	<i>free money can lead to serious negative impacts. This calls for support projects that are smaller in volume and are stretched over longer periods of time". (p. 6).</i>
<b>I-6.1.7</b>	<b>Jamaica</b>
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<b>Competitive Jamaica</b>
<b>JC 6.2</b>	<b><i>The delivery channels or IOs for this support were appropriate and able to deliver</i></b>
<b>Findings at JC level</b>	<p>Evidence of choice to build capacity of local BDS market over direct provision of BDS: clear shift between TDR and PSDP (shift to grants under calls for proposals). (MN836, 819, 821).</p> <p>Evidence of lack of systematic/formalised needs/context analyses with impact on selection of implementing partner/end beneficiary selection: JAMPRO instead of PSOs specialised in MSMEs?, check capacity to deliver/agenda; more fundamentally, challenge of choice to support PS through the (weaker?) public sector; conflict of interest implementing partner/beneficiary of some activities (bias in selection); lack of incentives/requirements to improve coordination with PSOs in Jamaica. (MN819, 822, 825, 826, 827, 828, 829, 830, 832, 835, 837).</p> <p>EC guidelines &amp; procedures constraints in selection of a PSO as implementing partner (EPA prog.) (MN822, 825, 826, 831, 837).</p> <p>PSDP: Mixed evidence, opportunity insufficiently harnessed: evidence that direct implementing partner's strengthened, insufficient trickle-down to private sector base. (MN819, 822, 825, 826, 827, 828, 829, 830, 832, 835, 837).</p> <p>Some IOs' capacity-building yet sustainability questions: strong at JAMPRO &amp; less at JBDC, missed opportunity for smaller BSOs and PSOs although improvements reported; also issue of sustainability of outputs in context of public sector cuts (BIPs/EC, clusters) (MN819, 822, 825, 826, 827, 828, 829, 830, 832, 835, 837).</p>
<b>I-6.2.1</b>	Commission programming documents and stakeholders show that intermediary organisations were selected on the basis of their ability to deliver
<b>I-6.2.2</b>	Monitoring/evaluation reports and/or stakeholders provide evidence that selected intermediary organisations delivered
<b>I-6.2.3</b>	Monitoring/evaluation reports and/or stakeholders provide evidence that key follow-up at the level of intermediary organisations occurred
<b>I-6.2.4</b>	Monitoring/evaluation reports and/or stakeholders provide evidence to show that institutions for business development services have been strengthened in a sustainable manner
<b>I-6.2.1</b>	<b>Jamaica</b>
	<b>CAIPA - Caribbean region</b>

	<p><b>DRGEP (GBS) - Jamaica</b></p> <p><b>Competitive Jamaica:</b></p> <p>The ex-post evaluation reports that: “JAMPRO is experienced in the promotion of SMEs: before being the key partner implementing PSDP, the organisation was responsible for the implementation of the Trade Development Project (TDP), supported by the EU. JAMPRO is also supporting clusters and has opened EC/BIPs (Export Centres/Business Information Points) offices around the country [...]The Jamaica Business Development Corporation (JBDC) is the largest MSME support organisation in Jamaica. [...]The Jamaica Exporters’ Association (JEA) is a well established private sector organisation, operating a number of EC/BIPs. [...]The JEA was the most important private partner organisation of PSDP as far as non-financial support is concerned, setting up 7 EC/BIPs in order to be able to assist MSMEs to find new markets?”. (p. 13).</p> <p>However the ex-post evaluation also indicates that the scope of the identification of PSOs, within the PSDP, was too large: “PSDP apparently accepted any state or private organisation that was in any way connected to private business as a PSO (JAMPRO, JBDC, regulatory authorities were all subsumed as PSOs), whereas the general understanding of PSO is that of private sector representative organisations, legitimised by its membership, such as chambers and associations. It is not clear from the feasibility study which definition was meant”. (p.24).</p> <p>The ex-post evaluation also indicates that “Both organisations [JAMPRO and JBDC] were to a lesser degree perceived (nor did they perceive themselves) as beneficiaries of knowledge transfer, and to a higher degree as providers of services they had already been providing, only that PSDP temporarily increased their financial capacity to provide them at greater scale. PSDP thus ended up doing “more of the same thing”, not doing thing better and creating improved structures so as to facilitate service delivery with greater impact on MSMEs’ competitiveness.” (p.31).</p>
<p><b>I-6.2.2</b></p>	<p><b>Jamaica</b></p> <p><b>CAIPA - Caribbean region</b></p> <p><b>DRGEP (GBS) - Jamaica</b></p> <p><b>Competitive Jamaica:</b></p> <p>The ex-post evaluation indicates that: “The survey conducted during the evaluation showed some improvements with regard to how supported MSMEs perform. They increased their turnover and employment. But they credit this improvement to a large degree to the support they had, rather than to their own efforts. <b>On the other hand, they feel that support organisations have not become much stronger, nor has the business environment very much improved</b>”. (p.32).</p>
<p><b>I-6.2.3</b></p>	<p><b>Jamaica</b></p> <p><b>CAIPA - Caribbean region</b></p> <p><b>DRGEP (GBS) - Jamaica</b></p> <p><b>Competitive Jamaica</b></p>
<p><b>I-6.2.4</b></p>	<p><b>Jamaica:</b></p> <p>The country-level evaluation which looks at the Commission’s assistance to Jamaica over the period 2002-2007 indicates that “At the PSD and under the Credit Scheme for Micro and Small Enterprises (CSMSE) programme the credits provided did not</p>

	<p>decrease after the end of the programme as the GoJ decided to set up a similar MSEM programme with the same operational rules. However, for the Business Development Services (BDS), sustainability requires the strengthening of market conditions. This was not the case for Trade Development Project. <b>The design and implementation of the PSDP does not indicate how the programme will ensure a sustainable supply of BDS</b>'. (p. 52) (I-6.2.4)</p>
	<p><b>CAIPA - Caribbean region</b></p>
	<p><b>DRGEP (GBS) - Jamaica</b></p>
	<p><b>Competitive Jamaica:</b></p> <p>The ex-post evaluation reports that: <b>"PSDP could have focused more on building the capacities of support organisations and improve the instruments of non-financial and financial support. JAMPRO and JBDC were to a lesser degree perceived (nor did they perceive themselves) as beneficiaries of capacity building and knowledge transfer, and to a higher degree as providers of services they had already been providing. PSDP thus ended up, in principle, doing "more of the same", i.e. not adding additional or much improved services - though efforts were made in this respect – or creating improved structures that facilitate greater competitiveness of MSMEs."</b> (p.3-4).</p> <p><b>"PSDP understood capacity building of PSOs to a large extent as supporting them with equipment, though also trainings were provided. But actual professional capacity building, in particular also of the implementing partners, through intensive transfer of knowledge in the application of modern, effective private sector support instruments, did not really take place. PSDP did not build structures for private sector development, as one would have expected from a large scale programme. Little was actually achieved in strengthening the roles of private sector representative organisations with regard to the delivery of support to MSMEs"</b>. (p.42)</p> <p><b>"Many of the activities carried out under PSDP belong to the regular service offer of the project partners and therefore will be sustained. Activities newly introduced by PSDP (several EC/BIP, several clusters, CFB advice) are still ongoing and will also be sustained"</b> (p.4).</p> <p><b>"Aspects challenging greater sustainability are that EC/BIPs will not be able to reach breakeven points and will therefore be a burden for their institutions; the 80:20 ratio of matching grants is too costly to be sustained, and clusters have not yet developed to a degree where they can organise facilitation using their own funds. Ownership of PSDP measures is very high, as the main implementation partners have an interest to continue with the activities. Management capacity to carry on with activities is also present, though quality aspects need to be considered. Sustainable financing of activities is the bottleneck of PSDP, against which sustainability must be measured. The rate of subsidies offered by PSDP can simply not be afforded"</b>. (p.5).</p> <p><b>"PSDP did not build structures for private sector development, as one would have expected from a large scale programme; little was actually achieved in strengthening the roles of private sector representative organisations with regard to the delivery of support to MSMEs"</b>. (p. 5).</p> <p>The ex-post evaluation indicates that <b>"An important achievement was the setting up of advisory centres (EC/BIPs) around the country. [...] an important value added was therefore created. The advisory centres are young and still need to strengthen their standing within the MSME community. Most importantly, sustainable ways to finance them need</b></p>



	<i>to be found.</i> " (p.28). (I.6.2.4)
<b>JC 6.3</b>	<b><i>Enterprises that benefited from Commission support have been upgraded and accessed new markets</i></b>
<b>Findings at JC level</b>	Enterprises' capacity & ability to access markets, finance, new technology, know-how: unsystematically monitored (MN819, 821, 836). Unclear results in terms of increased exports. Loss of focus of the end objective in view of PSDP's potential. (MN819, 822, 825, 828, 831, 837)  Banana: improvements since 1999 in productivity, quality and diversification but 5 consecutive hurricanes prompted shift in focus away from global market to local one (MN821, 833)
<b>I-6.3.1</b>	Evidence exists of follow-up after cooperation meetings and agreements in terms of upgrading of enterprises (development of skills, know-how, managerial, market knowledge, etc.), and adequate targeting of key sectors
<b>I-6.3.2</b>	Number of business to business cooperation and promotion meetings which gave rise to increased trade exchanges and enhanced export prospects
<b>I-6.3.3</b>	Number of business to business cooperation and promotion meetings which gave rise to durable partnerships enhancing business opportunities and sustainable enterprise prospects
<b>I-6.3.4</b>	Monitoring reports demonstrate a systematic flow of know-how resulting from such activities
<b>I-6.3.1</b>	<b>Jamaica:</b> The country evaluation has identified a number of shortcomings in the relevance of the programming which has been linked to insufficient knowledge of the private sector environment. Indeed, the country-level evaluation which looks at the Commission's assistance to Jamaica over the period 2002-2007 is rather negative and reports that in fact " <b><i>Actions to support private sector development, for example, are not fully coordinated with GoJ policy towards this sector. In this case, the CSP has minimised the relevance of the fact that the Jamaican economy functions mostly with micro and small scale enterprises, and that the informal economy represents around 40% of the business in Jamaica. The PSDP, however, targets Medium, Small and Micro Enterprises (MSMEs).</i></b> " (p.43). (I-6.3.1)  "Effectiveness of SFA interventions: Effectiveness is less than satisfactory to satisfactory. As a result of programme interventions, and investment both in capital goods and institution building, yields (and thus total marketable production) have basically not increased. Thus, it is not clear how Jamaica will be able to compete with foreign producers if and when the banana market is liberalised. The programme has been able to prepare the country for the domestic banana market (including initiatives that will eventually allow processing of bananas for the local market/tourism), whereas diversification into alternative commodities and production/processing, together with skills/vocational training and rural development initiatives have been able to offer viable alternatives to rural population living in export banana growing areas worst hit by a series of hurricanes." [...]  Conclusion 2.2 The effectiveness of the programme has been hampered by increased incidence of hurricanes, and the need to rehabilitate banana plantations each year during the last 5 years

	<p><i>instead of consolidating the sector and even increasing resilience and productivity. The programme's responsiveness to emergency situations can be judged to be above par, as each year (albeit with some delays) most of the hurricane-affected areas were replanted with programme support. Moreover, and despite the above, Jamaica has been successful through the EUBSP in reforming the banana industry, e.g. in overcoming disease threats, achieving and improving quality standards, and expanding domestic banana market. Recommendation 2.2 Since the domestic market is not large enough to absorb the estates' banana production of should they withdraw from the export market, increased Fair Trade exports and further improvement in competitiveness are the exit strategies that can best ensure the survival of smallscale banana farmers."</i></p> <p><i>"Despite the fact direct EU support was in excess of € 40 mio over a 13-year period, the Jamaican banana industry has continued to decline whether measured as a percentage of exports, contribution to GDP or foreign earnings. The sub-sector lost its importance in terms of percentage of national exports or foreign exchange earnings, basically because of fluctuating and steadily low/ decreasing/ erratic yields/ production figures. As a result, lots of small producers have stopped and are now unemployed and/ or have taken up new activities. Overall however, the industry remains the main source of employment or income in a number of parishes." (Jamaica Country Report: Impact Evaluation of the Special Framework of Assistance for traditional ACP Suppliers of Bananas, period 2006 – 2008)</i></p> <p><b>CAIPA - Caribbean region</b></p> <p><b>DRGEP (GBS) - Jamaica</b></p> <p><b>Competitive Jamaica:</b></p> <p>The ex-post evaluation reports that the component "Enhancement of the competitiveness of firms" of the PSDP was effective in meeting intended outputs although impact was not necessarily achieved for a number of reasons.</p> <p>The report indicates that <i>"The components relevant to MSMEs competitiveness were <b>successfully implemented, largely exceeding targets in some cases. In terms of numbers of enterprises supported, the BDS cost sharing scheme, the market penetration scheme and cluster support appeared particularly successful.</b> The surveys conducted by PSDP and the survey that the evaluators conducted in the framework of this evaluation have all clearly shown that <b>MSMEs were very satisfied with the support.</b>"</i> (p.29).</p> <p>However the report indicates that quantity took precedence over the quality of outputs, in view of disbursement pressures: <i>"Delays in the implementation of PSDP shifted the focus on disbursement and achievements of targets, which seems to have blurred the bigger picture of achieving MSME competitiveness. One interlocutor put it this way: "We were managing an EU-process, not a development process". This means that the interests of the beneficiaries ended up being a secondary issue. Disbursement and target achievements apparently became the priority, rather than the quality of measures and positive outcomes for the benefit of MSMEs."</i> (p.29).</p> <p>However, the report gives evidence of actual improvements in enterprises' performance which can be attributed to the PSDP: <i>"The survey conducted during the evaluation showed some improvements with regard to how supported MSMEs perform. They increased their turnover and employment. <b>But they credit this improvement to a large degree to the support they had, rather than to their own efforts. On the other hand, they feel that support organisations have not become much stronger, nor has the business environment very much improved'</b>"</i> (p.32) (I-6.3.1)</p>
<p><b>I-6.3.2</b></p>	<p><b>Jamaica</b></p>

	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<p><b>Competitive Jamaica:</b></p> <p>The ex-post evaluation reports that <i>“Most important was the change of attitude towards competition and cooperation. Cluster members have found a way of cooperative competition, i.e. MSMEs cooperate when it helps them to achieve greater competitiveness. The small ruminants cluster, the visual and performing arts as well as the fashion cluster are cases in point. Success stories are indeed available, underlining that the change of focus of PSDP towards clusters was correct.”</i> (p.31). <i>“The cluster initiative contributed to MSMEs feeling empowered.”</i> » (p.32).</p> <p>On the cluster approach, the second monitoring report (December 2007) indicates that <i>“Focus is now on a cluster and sector approach which will encourage groups of enterprises to develop around 4 key sectors; Services, Agribusiness, Creative Industries and Tourism.”</i> (p.2) (I-6.3.2)</p>
<b>I-6.3.3</b>	<b>Jamaica</b>
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<p><b>Competitive Jamaica:</b></p> <p>See above.</p>
<b>I-6.3.4</b>	<b>Jamaica</b>
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<b>Competitive Jamaica</b>
<b>JC 6.4</b>	<b><i>Enterprises that benefited from Commission support have increased their access to technology</i></b>
<b>Findings at JC level</b>	See above.
<b>I-6.4.1</b>	Monitoring reports show that new technology, including European technology, has been mobilised by enterprises in Partner Countries
<b>I-6.4.2</b>	Stakeholders interviews indicate that such technology transfers has heightened their competitiveness
<b>I-6.4.3</b>	Monitoring reports indicate that the volume of technology transfers has been important for enterprises and relevant target sectors
<b>I-6.4.1</b>	<b>Jamaica</b>
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<b>Competitive Jamaica</b>
<b>I-6.4.2</b>	<b>Jamaica</b>

	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<b>Competitive Jamaica</b>
<b>I-6.4.3</b>	<b>Jamaica</b>
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<b>Competitive Jamaica</b>

<b>EQ 7</b>	<b>To what extent did Commission support contribute to increased cross-border investment in partner countries' private sectors?</b>
<b>JC 7.1</b>	<b><i>The Commission's support was targeted on the basis of an analysis of the needs of enterprises</i></b>
<b>Findings at JC level</b>	<p>Less focus in PSD assistance to investment promotion: Support at regional level, mostly capacity-building of regional IOs, through:</p> <ul style="list-style-type: none"> <li>• CAIPA (€2.2m, through PROINVEST), support to investment promotion agencies, their networking activities, and creation of a regional identity, (MN823, 825)</li> <li>• Support to CASME, and creation of its website (MN825)</li> </ul> <p>Little information on the use of investment needs analysis at enterprise and country level.</p>
<b>I-7.1.1</b>	Enterprises needs analyses provided in regional/country surveys or through other means
<b>I-7.1.2</b>	Evidence in programming documentation on the Commission's knowledge of potential European sources of investment when organising investment promotion activities
<b>I-7.1.3</b>	Elements provided in programming documentation and/or by stakeholders showing that the Commission's support was based on these needs analyses and that the Commission had a prioritised approach in selecting groups of beneficiary enterprises
<b>I-7.1.1</b>	<p><b>Jamaica</b></p> <p><b>CAIPA - Caribbean region</b></p> <p>This intervention supports the Caribbean Association of Investment Promotion Agencies. Therefore it support Investment Agencies, ie. an intermediary organisation, rather than enterprises directly. It does however give the following rationale for supporting investment promotion: <i>"The key task for any FDI programme is to attract international investors to a country in order to set up export focused enterprises. It is anticipated that these strategic investments will provide an economic impetus that will help provide a basis for sustained economic growth as well as substantial job creation. The attraction of foreign investors will be on the basis that the Caribbean offers a profitable port location from which to supply both regional and new markets, including South, Central and North America as well as the European Union (EU) taking advantage of the provisions of the recently signed Economic Partnership Agreement between CARIFORUM and the EU. »</i> (p.13).</p> <p>This being said, the grant contract gives evidence that the range of needs in terms of investment promotion, which the present intervention was intended to contribute to addressing, was well-identified, notably the need for the marketing strategy to take all factors into account (the physical infrastructure, o the skills base, o the regulatory and legal environment, o a conducive tax regime, o the attitude of government to investment in general and each specific investment in detail o the incentive package o the availability of other positive features). The grant contract also indicates that some Caribbean states have, in the past, marketed sectors where a comparative advantage did not exist or provided too generous investment incentive packages. This was due to due to lack of finance to carry out detailed benchmarking and sector Studies, it is explained : <i>"It is also worthy of note that there are a number of other issues concerning investment promotion in the region which will be</i></p>

	<p><i>addressed by this project. These are: Most countries in the Caribbean region are chasing the same range of projects with similar incentive packages. Marketing experience for new investment shows that, to be successful, there needs to be a well thought out marketing strategy in which all the key components are matched. This includes: o the physical infrastructure, o the skills base, o the regulatory and legal environment, o a conducive tax regime, o the attitude of government to investment in general and each specific investment in detail o the incentive package o the availability of other positive features. Therefore, it is essential to be at least as "attractive" as the competition. If not, then there is no point in marketing in that sector, as it will be a waste of time and money. Nevertheless, many of the regional IPA's are marketing in sectors where they do not have a competitive advantage and are merely marketing there because they see their main competitors marketing in those sectors. In addition, in a number of cases, countries are offering an incentive package that is too generous and that is how they derive competitive advantage in that sector. The key issue is that in many cases they would be better off marketing in other sectors completely. However, this is not always done, due to lack of finance to carry out detailed benchmarking and sector Studies » (p.11).</i></p> <p>The grant contract also indicates that the IPAs' staff needed training: "Given the differing stages of development of IPAs within the region, there is a clear need for training. Experience has shown that the ability of investment promotion staff plays a role in the decision making of new investors. This is particularly true in areas such as marketing and investment facilitation. » (p. 14).</p>
	<p><b>DRGEP (GBS) - Jamaica</b></p>
	<p><b>Competitive Jamaica</b></p>
<p><b>I-7.1.2</b></p>	<p><b>Jamaica</b></p> <p><b>CAIPA - Caribbean region</b></p> <p>This intervention did not support investment promotion activities directly but rather, supported the agencies that carry out such activities. The intervention supported the regional network of Investment Promotion Agencies (IPAs). More specifically, it intended to support the realisation of "studies with a view to identifying the types of sectors that can be attracted to the region, identify which countries are most competitive in those areas and what type of incentive package is best suited to win investors. This will allow for more cost-effective marketing and will reduce the potential for investors to "bid-ij" the incentives being offered by countries. » (p. 11). The results of the programme are, however, to date not known.</p> <p><b>DRGEP (GBS) - Jamaica</b></p> <p><b>Competitive Jamaica</b></p>
<p><b>I-7.1.3</b></p>	<p><b>Jamaica</b></p> <p><b>CAIPA - Caribbean region</b></p> <p><b>DRGEP (GBS) - Jamaica</b></p> <p><b>Competitive Jamaica</b></p> <p><b>See indicators above also.</b></p> <p>The grant contract does not explain why IPAs were chosen as the programme beneficiary (as opposed to enterprises directly or to another intermediary organization).</p>

	<p>The grant contract indicates that IPAs' needs had not been identified in detail: "The target groups for all of these activities are the individual IPA's located in the region. They will receive assistance from CAIPA and Caribbean Export according to their needs. However, at this time their specific requirements are not known. These will become apparent when CAIPA is strengthened, the staff are recruited and trained and it begins its work by carrying out an inception study involving all the IPA's to determine a specific work plan. » (p.12). It explains however that the IPAs of some Caribbean countries are stronger than others and that such discrepancy needed to be narrowed down for the sake of investment promotion, and consequently, that some of the support activities will be given in priority to the less able agencies in the region: "A disparity in the performance of IPAs in the region, with the consequent result that the less well developed and funded ones are being left behind by the more successful ones. For example, it is difficult for St. Kitts or Suriname to compete with Jamaica, Barbados and Trinidad. While it is natural that there will be differences in the ability of IPAs in the region, it is desirable to try and improve the quality of the less proficient so as to offer a better overall product to potential investors" and "The training that will be provided under this project will greatly assist all IPA's in the region. However, in the early stages, the training will be focused on the less able agencies to help them up-skill and acquire best practice procedures. Following this, the training needs of other agencies will be addressed, having carried out a detailed review of the specific training needs of every agency." (p. 11).</p> <p>The grant contract explains how one of the activities selected under this programme, namely "regional linkages" (the development of a regional data-base of resources that are available to the region as a whole/demonstrating to potential investors the range of goods, services and supply opportunities that are available in the Caribbean region), will address enterprises' needs (manufacturing and services enterprises): "Given the diversity of the Member countries, by way of natural resources, infrastructure, sub-supply capacity etc and the long distances between countries, it will greatly facilitate the marketing of the region to <b>have a detailed data-base of key inputs to enterprise</b>. This data-base will address the requirements of all enterprises. This is important, because many sectors locating in the region are service companies, which have different inputs to manufacturing companies » (p. 14). "The type of data to be stored will include the following: Details of products manufactured in each country; Details of manufacturing processes available; Details of professional services available; Educational institutions and graduate output; Skills availability".</p>
<b>JC 7.2</b>	<b><i>The Commission has supported the development of investment-related intermediary organisations, and these IOs have effectively engaged in investment promotion</i></b>
<b>Findings at JC level</b>	No information on results in terms of: IO capacity-building: study tours reported, little information on status of other activities under CAIPA.
<b>I-7.2.1</b>	Number of Investment Promotion Agencies (IPAs) and other investment intermediaries supported
<b>I-7.2.2</b>	Monitoring reports contain evidence of improvements in the performance of IOs in the supply of investment support
<b>I-7.2.3</b>	Number of investment promotion events that gave rise to actual additional investment
<b>I-7.2.1</b>	<b>Jamaica</b>

	<p><b>CAIPA - Caribbean region</b></p> <p>This intervention specifically supported the promotion of a strong network of Investment Promotion Agencies (IPAs) in the 15 CARIFORUM Member States with the view of fostering joint actions in the attraction of foreign direct investment as well as regional investment.</p> <p>More precisely the programme intended to support the capacity-building of CAIPAs' secretariat (recruitment of suitable staff and training) as well as of all IPAs, the development and implementation of a regional ministerial policy dialogue on UFDI to guide CAIPA and its member IPAs, the development of information exchange systems and mechanisms for the promotion of the region for new investment; and the provision of a resource centre to facilitate the provision of research and data to assist IPA's in undertaking investment promotion.</p> <p>According to the grant contract, the activities to be supported were to be:</p> <ul style="list-style-type: none"> <li>▪ <i>Arbitration : an independent arbitration process in the event of a dispute concerning their investment</i></li> <li>▪ <i>Regional linkages: development of a regional data-base of resources that are available to the region as a whole. This will be of assistance in showing potential investors, that while a specific service or input is not available in one location, it is available within the region;</i></li> <li>▪ <i>Training in marketing and investment facilitation,</i></li> <li>▪ <i>Hands-on practical implementation: specific hands-on training taking place in the respective agencies and will involve working with staff in developing specific aspects of the agency's business and implementing programmes of activity</i></li> <li>▪ <i>International marketing: promoting the region as a whole for investment, without getting involved in marketing on behalf of specific countries;</i></li> <li>▪ <i>Sector analysis/Niche development study: to define exactly what the "Caribbean Product" is, carrying out research into where the Caribbean can be competitive, focus on those areas and build a strategy to become the market leader, The starting point for this component will be a benchmarking study, which will compare the Caribbean against other investment locations. This study will identify areas where that Caribbean, as a region, has a competitive advantage as well as the areas where it is not competitive. It will also involve a niche opportunity development component as this is where small countries can score a real competitive advantage.</i></li> <li>▪ <i>Providing secretarial services to Member countries: CAIPA will provide a range of services, free up time in IPAs so that staff can focus on their core business, i.e. attracting new investment</i></li> <li>▪ <i>Study tours to IPA in the European Union and Regional Conference on Investment Promotion on on best practices in Investment Promotion.</i></li> </ul> <p>(Source: grant contract, p.10-).</p> <p>There is, at this stage, no information on the level of implementation of the programme.</p>
	<p><b>DRGEP (GBS) - Jamaica</b></p> <p><b>Competitive Jamaica</b></p>
<p><b>I-7.2.2</b></p>	<p><b>Jamaica</b></p>



	CAIPA - Caribbean region
	DRGEP (GBS) - Jamaica
	Competitive Jamaica
I-7.2.3	Jamaica
	CAIPA - Caribbean region
	DRGEP (GBS) - Jamaica
	Competitive Jamaica
<b>JC 7.3</b>	<i>The Commission has supported investment related business to business meetings &amp; investment promotion events, and these have had identifiable results</i>
<b>Findings at JC level</b>	Little information.
<b>I-7.3.1</b>	Number of investment promotion meetings & events organised
<b>I-7.3.2</b>	Monitoring reports contain evidence of investment mobilisation resulting from such events, and stakeholders confirm such results
<b>I-7.3.3</b>	Commission follow-up steps have been taken to enhance the results of investment promotion activities
<b>I-7.3.4</b>	Also see answers to indicators I-6.3.2 and I-6.3.3 above
I-7.3.1	Jamaica
	CAIPA - Caribbean region
	DRGEP (GBS) - Jamaica
	Competitive Jamaica
I-7.3.2	Jamaica
	CAIPA - Caribbean region
	DRGEP (GBS) - Jamaica
	Competitive Jamaica
I-7.3.3	Jamaica
	CAIPA - Caribbean region
	DRGEP (GBS) - Jamaica
	Competitive Jamaica
I-7.3.4	Jamaica
	CAIPA - Caribbean region
	DRGEP (GBS) - Jamaica
	Competitive Jamaica

<b>JC 7.4</b>	<b><i>Commission support has encouraged FDI</i></b>
<b>Findings at JC level</b>	No information on results in terms of: SMEs access to FDI, investment flows, and technological transfer.
<b>I-7.4.1</b>	Reports exist that document the mobilisation of investment flows as a result of Commission support
<b>I-7.4.2</b>	In the absence of actual financial investment, the Commissions reports demonstrate that potential has been created for later investment resulting from business partnerships
<b>I-7.4.1</b>	<b>Jamaica</b>
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<b>Competitive Jamaica</b>
<b>I-7.4.2</b>	<b>Jamaica</b>
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<b>Competitive Jamaica</b>
<b>JC 7.5</b>	<b><i>SMEs were adequately targeted by comprehensive provision of investment related services</i></b>
<b>Findings at JC level</b>	Little information.
<b>I-7.5.1</b>	Regional and country surveys and studies indicate that SMEs were among the Commission's priorities
<b>I-7.5.2</b>	Intervention documentation evidences that SMEs have been duly targeted
<b>I-7.5.3</b>	Monitoring reports contain evidence of investment mobilisation benefiting SMEs
<b>I-7.5.1</b>	<b>Jamaica</b>
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<b>Competitive Jamaica</b>
<b>I-7.5.2</b>	<b>Jamaica</b>
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<b>Competitive Jamaica</b>
<b>I-7.5.3</b>	<b>Jamaica</b>
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<b>Competitive Jamaica:</b> Evidence of investment mobilisation benefiting SMEs: <i>“Subsidies of investments of MSMEs in consultancy and capital investments at a rate of 80:20 are unusual and not known from other private sector support programmes. The evaluators could not find any justification for this very high subsidy rate.” (I-7.5.3).</i>

<b>EQ 8</b>	<b>To what extent has the Commission PSD support contributed to facilitate the generation of employment?</b>
<i>JC 8.1</i>	<i>The Commission monitors employment effects</i>
<b>Findings at JC level</b>	Evidence of insufficiencies in reporting on number of job creation. (MN819, 828, 836)
<b>I-8.1.1</b>	Description of Commission practices in terms of monitoring of employment effects (e.g. specific indicators defined)
<b>I-8.1.2</b>	Evolution of employment figures included in beneficiary progress reports to Commission
<b>I-8.1.1</b>	<p><b>Jamaica:</b></p> <p>The NIP presents the PSD's programme's performance indicators, amongst which is "Employment", "Production/export/employment increase of supported companies". (p.37).</p> <p>The CSP 2008-2013 includes paragraphs on the employment situation within the section on "social situation including decent work and employment" : <i>"In terms of employment, the working age population (15-64) represents 62.8% of the total population (848200 females and 822 100 males), which is projected to show the largest increase among 30 to 59 year olds.<sup>12</sup> In 2004, data from the Employed Labour Force by Employment Statns showed that the own account category accounted for 34.2% of the total employed labour force, up from 33.9% recorded in 2003. There are few employment opportunities for the poor, the majority of whom are without skills and work in a narrow range of low-paying jobs. Youth unemployment rates are high and unemployment rates for young women stand at 39.7%, almost double that of young males. Employment in mining and quarrying increased by 27.5%, while transport, storage and communications declined by 7.2%. Community, social and personal services continued to provide the largest employment by industry, with the service sector accounting for 63% of total employment in 2003."</i> (p.19).</p> <p>Employment has also been a concern in the country evaluation which has been commissioned by the Commission – it includes the following data: <i>"In regards to employment, whatever growth has occurred has not created much employment, largely of the loss of competitiveness in the 1990s that hurt tradable goods production and thereby formal private sector employment. Employment rose less than 0.3 percent per year from 1991-2001. Between 1996 - 2001, only public sector employment rose, while informal sector was stable; both rose as a share of total employment. Currently, poor employment prospects, along with high crime, have encouraged high rates of migration, and the equivalent of 80 percent of tertiary graduates is estimated to have migrated"</i> (p.27).</p> <p><b>CAIPA - Caribbean region</b></p> <p><b>DRGEP (GBS) - Jamaica</b></p> <p><b>Competitive Jamaica:</b></p> <p>The ex-post evaluation indicates that: <i>"Job creation was not monitored, but the survey conducted during the evaluation, canvassing approximately 10% of all assisted firms, suggests that the figure for additional jobs that were created maybe in the bracket of 400 or 500."</i> (p.33).</p>

I-8.1.2	Jamaica
	CAIPA - Caribbean region
	DRGEP (GBS) - Jamaica
	Competitive Jamaica
JC 8.2	<i>Generation of employment has been a concern of the Commission when providing PSD support</i>
Findings at JC level	Generation of employment not an explicit objective of EC PSD support over 2004-2010: few employment-specific indicators, indication that employment issues (labour standards, CSR) were not mainstreamed into PSD support, with the exception of the EUBSP which had a strong social focus. (MN819, 821, 828, 831, 833)
I-8.2.1	Commission strategy and programming documents explain how supported interventions will contribute to employment
I-8.2.2	Available reports explain how Commission support aimed at and did contribute to employment
I-8.2.3	Stakeholders consider that Commission interventions aimed at and did contribute to the generation of employment
I-8.2.1	<b>Jamaica:</b> The CSP 2001-2007 clearly makes the link between PSD, employment and poverty reduction: <i>“Private sector growth can be expected to result in the creation of employment and therefore in addressing poverty. For this reason the strategy proposed for support by the EC has a strong private sector development component”</i> . (p.28). The CSP 2001-2007 also indicates that the overall objective of the PSD programme is <i>« Achieving sustainable private sector growth and employment generation”</i> (p.28). (I-8.2.1)
	CAIPA - Caribbean region
	DRGEP (GBS) - Jamaica
	Competitive Jamaica
I-8.2.2	Jamaica
	CAIPA - Caribbean region
	DRGEP (GBS) - Jamaica
	<b>Competitive Jamaica:</b> The ex-post evaluation reports that: <i>“The jobs created through PSDP might give an idea in how far the programme might have contributed to poverty reduction. <b>The figure of additional jobs that were created may be in the bracket of 400 or 500.</b> In relation to the cost of PSDP this misses international benchmarks by far.”</i> (p. 4). <i>“Job creation was not monitored, but the survey conducted during the evaluation, canvassing approximately 10% of all assisted firms, suggests that the figure for additional jobs that were created maybe in the bracket of 400 or 500. [...] However, one must put this figure into relation to the cost of PSDP. <b>One would be talking here of a figure of around 50,000 Euro per created job. This is below international benchmarks.</b> Evaluations of private sector development programmes in economies that may be compared to Jamaica achieved figures of 2,500</i>

	<i>Euro for an additional, sustainably created work place. » (p.33).</i>
<b>I-8.2.3</b>	<b>Jamaica</b>
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<b>Competitive Jamaica</b>
<b>JC 8.3</b>	<b><i>Commission support to formalisation of MSMEs has contributed to increased employment opportunities</i></b>
<b>Findings at JC level</b>	No focus on formalisation of the economy and of its impact on employment. Informal sector mainly made up of one-to-few people businesses. (MN819, 824, 831, 836, 837)
<b>I-8.3.1</b>	Evolution of employment figures within MSME sector in beneficiary countries during evaluation period
<b>I-8.3.2</b>	Number of MSMEs created in beneficiary countries during evaluation period
<b>I-8.3.1</b>	<b>Jamaica</b>
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<b>Competitive Jamaica</b>
<b>I-8.3.2</b>	<b>Jamaica</b>
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<b>Competitive Jamaica</b>
<b>JC 8.4</b>	<b><i>Commission SBS has increased private sector employment opportunities in the sectors supported</i></b>
<b>Findings at JC level</b>	DRGEP (GBS) impact on employment and formalisation, in view of 2 following conditionalities (1) business application reform process and (2) debt divestment from debt-creating entities. (MN820, 831)
<b>I-8.4.1</b>	Evolution of employment figures in the sectors supported by Commission SBS during evaluation period
<b>I-8.4.1</b>	<b>Jamaica</b> In the case of the Banana sector assistance: <i>“Conclusion 3.2 Diversification has been able to provide employment to a number of farmers who left the export banana sector following the crisis that hit the sector (hurricanes, economic following changes in EC banana import regime,.. ). The programme invested in processing plant equipment, training,.. and will continue to do so. As this part of the programme, tries to maintain employment and improve skills, it is evaluated as highly relevant.”</i> (Jamaica Country Report: Impact Evaluation of the Special Framework of Assistance for traditional ACP Suppliers of Bananas, period 2006 – 2008)
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>

	<b>Competitive Jamaica</b>
<b>JC 8.5</b>	<b><i>Commission support has contributed to the transition of entrepreneurs from the informal to the formal sector</i></b>
<b>Findings at JC level</b>	Little information. Under the PSDP, the informal sector was under-estimated.
<b>I-8.5.1</b>	Commission strategy and programming documents foresee support for the transition from the informal to the formal sector
<b>I-8.5.2</b>	Improvements in the transition from the informal to the formal sector
<b>I-8.5.1</b>	<p><b>Jamaica:</b></p> <p>The country evaluation has identified a number of shortcomings in the relevance of the programming which has been linked to insufficient knowledge of the private sector environment. Indeed, the country-level evaluation which looks at the Commission's assistance to Jamaica over the period 2002-2007 is rather negative and reports that in fact <i>“Actions to support private sector development, for example, are not fully coordinated with GoJ policy towards this sector. In this case, the CSP has minimised the relevance of the fact that the Jamaican economy functions mostly with micro and small scale enterprises, and that the informal economy represents around 40% of the business in Jamaica. The PSDP, however, targets Medium, Small and Micro Enterprises (MSMEs).”</i> (p.43).</p> <p>It continues: <i>“some problems have been identified at the design and operational levels that could affect the generation of benefits. [...]the Chamber of Commerce expresses same concern over the capacity of the program to support the informal sector which represents about 40 to 43% of the Jamaican economy. Although the program [PSDP] is designed to support the “formal” economy a component dealing with this critical issue would have reflected the reality of the SME sector in Jamaica”</i> (p. 48).</p> <p><b>CAIPA - Caribbean region</b></p> <p><b>DRGEP (GBS) - Jamaica</b></p> <p><b>Competitive Jamaica:</b></p> <p>The ex-post evaluation reports that the informal sector was only included in the PSDP following the mid-term review: <i>“It appears that PSDP was never really sure whether it was to support the “needy”, or “winners”. In particular after the mid-term review had made recommendations to include micro enterprises and the informal sector, a clearer rationale for the approach would have been necessary”</i>. (p. 24).</p>
<b>I-8.5.2</b>	<p><b>Jamaica</b></p> <p><b>CAIPA - Caribbean region</b></p> <p><b>DRGEP (GBS) - Jamaica</b></p> <p><b>Competitive Jamaica</b></p>

EQ 9	What was the Commission's added-value when providing support to PSD in third countries?
Other relevant information (not captured elsewhere)	The ex-post evaluation indicates that <i>"An important achievement was the setting up of advisory centres (EC/BIPs) around the country. The centres, under the umbrella of JAMPRO, JBDC and JEA, were set up in partnership with private sector organisations such as chambers, or other public or private organisations. <b>These partnerships are considered a strong step forward towards a sustainable advisory network; an important value added was therefore created.</b> The advisory centres are young and still need to strengthen their standing within the MSME community. Most importantly, sustainable ways to finance them need to be found."</i> (p.28).
JC 9.1	<b>The Commission PSD strategies were geared towards the provision of Commission-specific benefits, as compared to private sector initiatives, other financing modalities and support provided by other actors</b>
Findings at JC level	Types of added-value of Commission PSD support not specifically highlighted in documentation. Evidence that insufficient assessment of market to determine EC additionality to what is available. (MN819, 830, 821, 838)
I-9.1.1	Commission documents that lay down the overall (not country specific) PSD strategy of the Commission require that the Commission PSD strategies and interventions are chosen on the basis of, among other things, the specific benefits the Commission can provide
I-9.1.2	CSPs/RSPs and programming documents highlight the specific value added of the Commission support
I-9.1.3	Stakeholders consider that the potential value added of the Commission support has been a key criterion for deciding on the nature of the support to be provided
I-9.1.1	Jamaica
	CAIPA - Caribbean region
	DRGEP (GBS) - Jamaica
	Competitive Jamaica
I-9.1.2	<p><b>Jamaica:</b></p> <p>The CSP 2001-2007 indicates that alongside other elements (programmes by other development co-operation partners, discussions with representatives of civil society and the government strategy), taking account of the EC's comparative advantages and strengths has informed the Commission's cooperation strategy in Jamaica. (I-9.1.2). The CSP mentions the following specific benefits the Commission can provide:</p> <ul style="list-style-type: none"> <li>▪ <i>"Improved transport infrastructure is another critical requirement for the creation of an enabling environment conducive to business development, with the Commission having a comparative advantage in the road sector given the extent of the EC's involvement under previous EDF allocations."</i> p. 25.</li> <li>▪ <i>"The EC has gained considerable expertise in implementing private sector development programmes. The [PSD] programme will build on the experiences which have been gained in EC supported projects in Jamaica (Target Europe 2000, the Trade Development Project, the Eastern Jamaica Agricultural Support Project, EJASP, and the ACP banana support programme aiming at raising the</i></li> </ul>

	<p><i>competitiveness of the banana industry and diversification) and supplement activities supported by other co-operation partners.” (p.28).</i></p> <p>The country-level evaluation which looks at the Commission’s assistance to Jamaica over the period 2002-2007 indicates that the Commission has supported PSD in Jamaica since the 5th EDF: <i>“The EC’s support to Private Sector Development (PSD) is significant, and the mix of projects, resources and instruments proposed to address priority needs and contribute to the proposed objectives is being developed throughout several EDFs, where continuity and consistency in its actions is observed:</i></p> <ul style="list-style-type: none"> <li>▪ <i>Credit Scheme for Micro and Small Enterprises (CSMSE) running from the 5th to the 8th EDF,</i></li> <li>▪ <i>Target Europe Project (TEP), running from the 8th to the 9th EDF</i></li> <li>▪ <i>Trade Development Programme (TDP) running from the 7th to the 8th EDF,</i></li> <li>▪ <i>Private Sector Development Programme (PSDP) launched under the 9th EDF” (p. 31).</i></li> </ul> <p><b>Caribbean region</b></p> <p>The RSPs does not highlight the specific value added of the Commission support. However it can be said, based on what the evaluation team has read, that the fact that the EC also supported trade facilitation and PSD under the 8<sup>th</sup> provides continuity and consistency and as such can be considered as an element of AV.</p> <p><b>CAIPA - Caribbean region</b></p> <p><b>DRGEP (GBS) - Jamaica</b></p> <p><b>Competitive Jamaica</b></p>
I-9.1.3	<p><b>Jamaica</b></p> <p><b>CAIPA - Caribbean region</b></p> <p><b>DRGEP (GBS) - Jamaica</b></p> <p><b>Competitive Jamaica</b></p>
<b>JC 9.2</b>	<p><b><i>The beneficiaries of Commission PSD support were not in a position to provide or to provide as swiftly and with the same results the support that was provided by the Commission</i></b></p>
<b>Findings at JC level</b>	<p>Little information.</p>
I-9.2.1	<p>Evidence provided in strategy, programming documents and reports that show that beneficiaries at macro, meso- and micro level were not in a position to provide the support</p>
I-9.2.2	<p>Stakeholders consider that beneficiaries at macro, meso- and micro level were not in a position to provide the support</p>
I-9.2.1	<p><b>Jamaica</b></p> <p><b>CAIPA - Caribbean region</b></p> <p><b>DRGEP (GBS) - Jamaica</b></p> <p><b>Competitive Jamaica</b></p>



I-9.2.2	Jamaica
	CAIPA - Caribbean region
	DRGEP (GBS) - Jamaica
	Competitive Jamaica
<b>JC 9.3</b>	<b><i>The Commission's grant support had specific benefits</i></b>
<b>Findings at JC level</b>	<p>Types of AV reported:</p> <ul style="list-style-type: none"> <li>Financial weight: largest grant donor, (MN819, 821, 836, 825, 831)</li> <li>Only grant donor for BS (MN820, 828, 830, 838)</li> <li>Historical relationship and deriving 'expectations': banana and sugar assistance related to end of preferential access gave EU/EC a role in assisting the sectors – considered that no other assistance would have been available (MN819, 833, 821)</li> </ul> <p>AV insufficiently leveraged:</p> <ul style="list-style-type: none"> <li>In view of largest grant donor position, evidence of insufficient coordination with other international actors in PSD: IDB, USAID, which are few in PSD (MN819, 820, 830, 838)</li> <li>Variety of PSD support (centralised/bilateral support, regional/national levels) yet evidence of lack of clarity of how to access, and cumbersome application processes reported (MN822, 825, 823, 827826, 832,)</li> </ul>
I-9.3.1	Areas of PSD support selected by the Commission are generally not considered as fit for loan funding or for other financing modalities
I-9.3.2	Evidence provided in evaluation/ monitoring reports on the value added of the Commission through blending grant funding with other modes and sources of funding
I-9.3.3	Stakeholders consider that the Commission had value added through blending grant funding with other modes and sources of funding
I-9.3.4	Elements provided in strategy, programming documents, and reports that show other specific benefits of grant funding for the interventions
I-9.3.5	Stakeholders are able to show other specific benefits of the grant funding for the PSD support provided
I-9.3.1	Jamaica
	CAIPA - Caribbean region
	DRGEP (GBS) - Jamaica
	Competitive Jamaica
I-9.3.2	Jamaica
	CAIPA - Caribbean region
	DRGEP (GBS) - Jamaica
	Competitive Jamaica
I-9.3.3	Jamaica

	CAIPA - Caribbean region
	DRGEP (GBS) - Jamaica
	Competitive Jamaica
I-9.3.4	Jamaica
	CAIPA - Caribbean region
	DRGEP (GBS) - Jamaica
	Competitive Jamaica
I-9.3.5	Jamaica See finding at JC level.
	CAIPA - Caribbean region
	DRGEP (GBS) - Jamaica
	Competitive Jamaica
<b>JC 9.4</b>	<b><i>The Commission had a specific value added compared to the support provided by other public actors, in particular but not only EU MS</i></b>
Findings at JC level	See findings under JC 9.3.
I-9.4.1	Documents show and stakeholders consider that the Commission's support at country and/or intervention level was of significant financial weight compared to the support provided by other actors
I-9.4.2	Documents show and stakeholders consider that the Commission provided a technical expertise that could not be provided by other actors (to the extent possible to be broken down by area of intervention)
I-9.4.3	Documents show and stakeholders consider that the Commission infused EU best practice and standards through its support
I-9.4.4	Documents show and stakeholders consider that the Commission's procedures) offered advantages compared to those of other actors
I-9.4.5	Documents show and stakeholders consider that the fact that the support was provided by the Commission as representing the EU offered specific advantages
I-9.4.6	Documents show and stakeholders consider provide examples of other types of VA
I-9.4.1	<p><b>Jamaica:</b></p> <p><i>"Some 13 development partners are supporting the Jamaican development agenda. Organisations which have large and comprehensive assistance programmes include: LADB, WB, CDB, EC and JICA. Other important co-operation partners are CIDA, USAID, DFID (UK) and UNDP. <b>The EC is the largest grant donor.</b>"</i></p>
	CAIPA - Caribbean region
	DRGEP (GBS) - Jamaica
	Competitive Jamaica
I-9.4.2	Jamaica

	CAIPA - Caribbean region
	DRGEP (GBS) - Jamaica
	Competitive Jamaica
I-9.4.3	Jamaica
	CAIPA - Caribbean region
	DRGEP (GBS) - Jamaica
	Competitive Jamaica
I-9.4.4	<p><b>Jamaica:</b>  The country-level evaluation which looks at the Commission's assistance to Jamaica over the period 2002-2007 reports that <i>"JAMPRO considers that <b>USAID delivery procedures are faster and easier, and could divert some MSMEs from the PDSP</b>". (p.56). Specifically on the EDF: the country-level evaluation reports negative appreciations of <i>"the procedures, norms and rules of the 9th EDF" "being too rigid and inflexible"</i> (p.9).</i></p>
	CAIPA - Caribbean region
	DRGEP (GBS) - Jamaica
	Competitive Jamaica
I-9.4.5	Jamaica
	CAIPA - Caribbean region
	DRGEP (GBS) - Jamaica
	Competitive Jamaica
I-9.4.6	Jamaica
	CAIPA - Caribbean region
	DRGEP (GBS) - Jamaica
	Competitive Jamaica

<b>EQ 10</b>	<b>To what extent were the Commission's organisational set-up and management practices fit to a successful implementation of its PSD support?</b>
<b>JC 10.1</b>	<b><i>The devolution facilitated the implementation of the Commission PSD support</i></b>
<b>Findings at JC level</b>	Evidence of devolution's positive effects (improved contacts in field, policy dialogue) yet evidence of problems resulting from manner in which devolution was implemented, notably the disconnect with centralised operations: unsystematic or late prior consultation of EUD; lack of information on CDE/PROINVEST activities, insufficient linkages/synergies with bilateral assistance (MN819, 820, 821, 825, 837, 828)
<b>I-10.1.1</b>	Stakeholders provide evidence that the devolution to delegations contributed to facilitating to the implementation of PSD support (e.g. better knowledge of local needs/priorities, better interaction with local stakeholders, notably of the private sector, etc.)
<b>I-10.1.2</b>	Stakeholders do not consider that there were major drawbacks of the devolution to delegations in terms of PSD support (e.g. less direct linkages with the European private sector, less coherence in the approach, etc.)
<b>I-10.1.3</b>	Stakeholders, such as major private sector operators in countries, are of the view that the EU Delegations make efforts to understand the private sector fabric and its constraints
<b>I-10.1.1</b>	<p><b>Jamaica:</b> See finding at JC level and: The country-level evaluation which looks at the Commission's assistance to Jamaica over the period 2002-2007 is particularly negative although it is not clear to what extent this applies specifically to the support to PSD, as this is not specified: <i>"Although the division of labour between the Commission services in Headquarters and the Delegation has, for the most part, contributed to coordination of the programme, interviews carried out and revision of documents indicate that some serious problems have affected the start-up of projects and programme efficiency. <b>The process of decision making in programme design and implementation has taken longer than expected and the devolution process is still suffering some managerial and administrative ambiguities</b> (the division of labour is not yet clear). In addition, there are long internal discussions over contents and concepts (i.e. definition of indicators), transfers of funds have taken too long due to procedural requests (presentation of guarantees), the learning curve required to master EDF operational aspects has also taken more time than expected. Agreements from Headquarters with the Delegation or with the NAO or stakeholders to modify or adapt the project have also delayed the normal implementation cycle (i.e. riders to projects, or over programme/projects activities, or over the preparation and definition of performance indicators). These factors were not addressed sufficiently; as a result, the implementation process is behind schedule".</i> (p.43-4).</p> <p><b>CAIPA - Caribbean region</b></p> <p><b>DRGEP (GBS) - Jamaica</b></p> <p><b>Competitive Jamaica</b></p>

I-10.1.2	Jamaica See finding at JC level and:
	CAIPA - Caribbean region
	DRGEP (GBS) - Jamaica
	Competitive Jamaica
I-10.1.3	Jamaica See finding at JC level and:
	CAIPA - Caribbean region
	DRGEP (GBS) - Jamaica
	Competitive Jamaica: The ex-post evaluation reports that “ <i>Planning of such large scale projects requires high level inputs, for which the breadth of EU experience in private sector development must be made available. It cannot be expected that such knowledge is brought in through a short framework contract planning mission</i> ”. (p. 6).
JC 10.2	<i>The division of responsibilities between different DGs did not hamper an optimal implementation of the Commission’s PSD support in the different countries’/regions concerned</i>
Findings at JC level	No evidence of an effect of the division of responsibilities between different DGs in the case of Jamaica.
I-10.2.1	The Commission had formal mechanisms to ensure collaboration between its different DGs involved with PSD related matters, including in terms of transfer of knowledge on PSD support within and outside the EU
I-10.2.2	Stakeholders consider that Commission support in third countries has benefited from general PSD knowledge and networks present within the Commission
I-10.2.1	Jamaica
	CAIPA - Caribbean region
	DRGEP (GBS) - Jamaica
	Competitive Jamaica
I-10.2.2	Jamaica
	CAIPA - Caribbean region
	DRGEP (GBS) - Jamaica
	Competitive Jamaica
JC 10.3	<i>The Commissions’ HR policy was conducive to an optimal design and implementation of its PSD support</i>
Findings at JC level	On technical skills (vs. USAID/IDB): extensive use of external consultants in design of assistance, in checking GBS conditionalities. Also lengthy HQ consultation for decision-taking. (MN819, 820, 828, 830)
I-10.3.1	Existence of a specific HR policy for the management of Commission support to PSD in third countries
I-10.3.2	Existence of sufficient dedicated staff specialised in PSD matters both at HQ and

	Delegation level
I-10.3.3	Existence of specialised PSD trainings for staff in charge of PSD matters
I-10.3.4	Staff in charge of the Commission's PSD support is conversant with PSD constraints, and are well aware of the strategy and guidance documents, as well as of specific tools developed by the Commission for implementation
I-10.3.5	Stakeholders consider that Commission HR policy was a strength/weakness of PSD support
I-10.3.1	<b>Jamaica</b>
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<b>Competitive Jamaica</b>
I-10.3.2	<b>Jamaica:</b> The country-level evaluation which looks at the Commission's assistance to Jamaica over the period 2002-2007 reports that " <i>At the level of the EC Delegation the task manager in charge of the private sector is only in charge of the PSDP and the TA assistance component of SERP III. [...]. There is also an unusual high turnover for managing the private sector; the current task manager is the third since the programme started in 2004. These issues has affected the normal implementation process of the CSP.</i> " (p.44).
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) – Jamaica</b>
	<b>Competitive Jamaica:</b> There is evidence of the contrary as the programme was designed by external consultants within a framework contract, which, in the view of the ex-post evaluation, was inappropriate considering the weight and importance of such as large-scale programme : <i>« It should be borne in mind that a programme of the size of PSDP, 25 Mill. Euro, presents a "once in a lifetime" opportunity for a small country such as Jamaica. Much more should have been invested into its planning. PSDP has recommended that owners of MSMEs should budget 1.5% of the proposed investment value for business plans. Such a percentage value should have been reserved for PSDP as well. The figure could possibly have exceeded the limits of a framework contract, but more efforts would have allowed the EU to employ experienced senior experts (beyond the framework contract category 1 fee rate), who would have come up with proposals that would have either have clearly justified the unusually high volume of PSDP, or possibly would have recommended to reduce and spread the earmarked amount over a much longer period of time. »</i> (p.25).
I-10.3.3	<b>Jamaica</b>
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<b>Competitive Jamaica</b>
I-10.3.4	<b>Jamaica:</b> The country-level evaluation which looks at the Commission's assistance to

	<p>Jamaica over the period 2002-2007 reports that “<i>At the level of the EC Delegation the task manager in charge of the private sector is only in charge of the PSDP and the TA assistance component of SERP III, and since the current task manager arrived only in January 2006, the learning curve was still in progress. This may also be a result of the complexities caused by the many delays and ongoing implementation difficulties of both projects (Finding adequate TA, administrative and opening accounts issues, etc.). There is also an unusual high turnover for managing the private sector; the current task manager is the third since the programme started in 2004.</i>” (p.44).</p>
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<p><b>Competitive Jamaica:</b></p> <p>The ex-post evaluation reports that “<i>A large programme such as PSDP requires competent, pro-active management at decision making levels. Senior international expertise, embedded in the EU Delegation, might have facilitated faster decisions and the transfer of international knowledge and experience</i>”. (p. 6).</p>
<b>I-10.3.5</b>	<p><b>Jamaica</b> see finding at JC level.</p>
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<b>Competitive Jamaica</b>
<b>JC 10.4</b>	<b><i>The Commission developed and used specific tools and guidance to facilitate the design and implementation of its PSD support</i></b>
<b>Findings at JC level</b>	Limited evidence of use of PSD tools and guidance in design & implementation of support: minors exchange with thematic unit at DEVCO, iQSG process considered as formal with limited AV. Some evidence of reliance on personal experience rather than capitalisation body of experience collected worldwide (vs. USAID) or on past experiences in country? (MN819, 820, 821, 833, 836)
<b>I-10.4.1</b>	Description of available tools and guidance for the Commission support to PSD
<b>I-10.4.2</b>	Knowledge and use of these tools and guidance by Commission staff in charge of support to PSD
<b>I-10.4.3</b>	Commission staff expressed the view that these tools and guidance were useful
<b>I-10.4.1</b>	<b>Jamaica</b>
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<b>Competitive Jamaica</b>
<b>I-10.4.2</b>	<b>Jamaica</b>
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<p><b>Competitive Jamaica:</b></p> <p>Although the PMU was external to the EUD, the ex-post evaluation reports that “<i>The initial delays of PSDP were mainly the result of the new EDF regulations. It would</i></p>

	<i>have been necessary to acquaint PMU staff with these regulations?</i> . (p.4).
I-10.4.3	<b>Jamaica</b>
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<b>Competitive Jamaica</b>
<b>JC 10.5</b>	<b><i>The Commission monitored/evaluated its support to PSD and used and disseminated the results</i></b>
<b>Findings at JC level</b>	<p>On M&amp;E of assistance:</p> <ul style="list-style-type: none"> <li>Evidence of H&amp;R stretched for proper, regular monitoring assistance going beyond checking quarterly, mostly quantitative, reports (project visits- IDB) (MN826, 830, 837, 838)</li> <li>PSDP steering committee: power balance against EC? Yet extensive dialogue and EC insistence on not losing focus of end beneficiaries reported (MN837, 826)</li> </ul>
<b>I-10.5.1</b>	The Commission developed specific systems and sets of indicators to monitor and evaluate its support to PSD both at HQ and country level
<b>I-10.5.2</b>	The above mentioned monitor/evaluation systems were operational
<b>I-10.5.3</b>	The results of the monitoring and evaluations were disseminated and used to redirect strategies and programming
<b>I-10.5.4</b>	Stakeholders consider that monitoring and evaluation systems were useful to improve design and implementation of the PSD support
I-10.5.1	<b>Jamaica</b>
	<b>CAIPA - Caribbean region</b>
	The grant contract only indicates that a full evaluation of the project was foreseen. It is not known whether this evaluation has been carried out yet and is available.
	<p><b>DRGEP (GBS) – Jamaica:</b></p> <p>In the case of a GBS, a monitoring system is compulsory. The Financial Agreement indicates that “<i>Specific conditions (or disbursement of individual variable tranches shall cover a selection of performance criteria and indicators based upon the Medium Term Socio-Economic Framework (MTF) 2009-2012. Fulfillment of specific disbursement conditions will be assessed by the EC Delegation in Jamaica on the basis of the annual Progress Report prepared by the Government and of dialogue with International Development Partners?</i>”. (p.3).</p> <p>Additionally the Fiche d’ Action for the rider (introducing an additional €17m under FLEX funds) indicates the intention of the EC Delegation in Jamaica to “<i>conduct a comprehensive review of the programme during the second year of implementation. An ex-post evaluation will be conducted by the European Commission?</i>”. (p.3). The GBS has reserved €0.5m for evaluation and visibility. Additionally, “<i>the Delegation will organise activities to involve the press on the ongoing implementation of this GBS programme. The Delegation will take care of assuring adequate visibility on the implementation and results of the programme.</i>” (p.6).</p>
<b>Competitive Jamaica:</b>	



	<p>The ex-post evaluation indicates that the outcome indicators included in the PSDP to measure its effectiveness were limited. « PSDP [...] only had two outcome indicators:</p> <ul style="list-style-type: none"> <li>- increased total non-traditional exports by 5% per year</li> <li>- increased membership of supported PSOs” (p.26).</li> </ul>
<b>I-10.5.2</b>	<b>Jamaica</b>
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<p><b>Competitive Jamaica:</b></p> <p>The ex-post evaluation indicates that the outcome indicators included in the PSDP to measure its effectiveness were poor. The report suggests improved indicators. “The indicators leave it open whether they are to be directly attributed to programme interventions, or whether PSDP is only to contribute to them. The three-year strategic plan 2007 - 2009 elaborated by PSDP suggested some more indicators at outcome level (10% labour productivity increase, x % increase in new businesses registered, x % increase in GDP contribution by MSMEs). These indicators (except the one on labour productivity) were never entered into the log-frame, nor was the Financial Agreement changed accordingly, nor were they monitored - some of these indicators also seem difficult to measure. The outcome indicators of the log-frame do not fairly measure the objective itself (enhanced competitiveness of Jamaican MSMEs, strengthened support and representative organisations). Competitiveness is a broad measure of enterprise performance, which requires to be measured by a number of indicators. A suitable set of indicators would have included a mixture of perception indicators and hard indicators. Examples could be:</p> <ul style="list-style-type: none"> <li>- The higher rate of investments made by assisted MSMEs in comparison to investments made by MSMEs without assistance (this indicator would not be suitable when investments are subsidised, though),</li> <li>- The rate of product/service and management innovations carried out by assisted MSMEs in comparison to MSMEs without assistance,</li> <li>- The rate of sales increases in new (local or export) markets. In a similar vein, membership figures of PSOs can only partly describe what strength they have gained as MSME support organisations; more suitable indicators could have been:</li> <li>- The sustainable increase in sales of services of PSOs,</li> <li>- The rate of satisfaction of customers with the services of PSOs,</li> <li>- The increased interaction of PSOs with public organizations” (p.26).</li> </ul>
<b>I-10.5.3</b>	<b>Jamaica</b>
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<b>Competitive Jamaica</b>
<b>I-10.5.4</b>	<b>Jamaica</b> see finding at JC level.
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<p><b>Competitive Jamaica:</b></p> <p>The ex-post evaluation indicates that “With regard to the EU, it appears that more could have been done to assist the PMU in understanding and mastering EDF rules. In principle, the rules should facilitate the attainment of the objectives of PSDP. The EU Delegation apparently</p>

	<i>took an interest in PSDP, but its involvement was mainly administrative, assisting to overcome problems of implementation, rather than supporting and advising PSDP from a conceptual point of view.” (p.35).</i>
<b>JC 10.6</b>	<b><i>The Commission developed and used specific mechanisms to ensure capitalisation and sharing of its knowledge with respect to PSD</i></b>
<b>Findings at JC level</b>	There is no evidence of this.
<b>I-10.6.1</b>	Description of existing mechanisms (networks, working groups, etc.) to ensure capitalisation of Commission knowledge on PSD both among Commission staff concerned with implementation of PSD support inside and outside the EU
<b>I-10.6.2</b>	Knowledge and involvement of staff concerned with PSD support in third countries with these mechanisms
<b>I-10.6.3</b>	Stakeholders expressed the view that these mechanisms are useful, with specific results generated and possible drawbacks
<b>I-10.6.1</b>	<b>Jamaica</b>
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<b>Competitive Jamaica</b>
<b>I-10.6.2</b>	<b>Jamaica</b>
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<b>Competitive Jamaica</b>
<b>I-10.6.3</b>	<b>Jamaica</b>
	<b>CAIPA - Caribbean region</b>
	<b>DRGEP (GBS) - Jamaica</b>
	<b>Competitive Jamaica</b>

## No. 16: Sector Reform Facility (SBS) - Jordan

Sector Reform Facility (SRF) (MED/2005/017-323)	
<b>Intervention Type</b>	General Budget Support
	✓ Sector Budget Support
	Project-approach
<b>Start date &amp; End date</b>	<ul style="list-style-type: none"> <li>▪ <i>Start Date:</i> 2005 (Commission decision and signature of Framework Agreement)</li> <li>▪ <i>End Date:</i> 2010</li> </ul>
<b>Budget: committed, contracted, disbursed</b>	<ul style="list-style-type: none"> <li>▪ <i>Committed:</i> €40m (€39.7 budget support + €0.3 for M&amp;E)</li> <li>▪ <i>Contracted:</i> €39.9m</li> <li>▪ <i>Disbursed:</i> €39.75m, as at 17/06/2012 (= total planned minus €0.25m)</li> </ul>
<b>Beneficiary</b>	<ul style="list-style-type: none"> <li>▪ <i>Direct Beneficiary:</i> The Hashemite Kingdom of Jordan, represented by the Ministry of Planning and International Co-operation (MOPIC).</li> <li>▪ <i>End beneficiaries :</i> Investors, private sector</li> </ul>
<b>Country/Region</b>	Jordan
<b>Intervention Description</b>	<p>The programme focuses on private sector development, investment promotion, export development and the creation of a strong and receptive business environment. It is consistent with the priorities of the Jordanian Government's economic reform programme as set out in the National Agenda. The SRF is also coherent with the EU-Jordanian Neighbourhood Action Plan. The actions and measures included within the SRF policy matrix were divided into two main areas:</p> <ol style="list-style-type: none"> <li>1. Government Sector Support to Private Sector Development <ul style="list-style-type: none"> <li>- a) Institutional Strengthening of Export and Investment Services</li> <li>- b) Fiscal Reform and Financial Management Strategy</li> </ul> </li> <li>2. Improvement of the Business Environment <ul style="list-style-type: none"> <li>- a) Trade Facilitation</li> <li>- b) Investment Friendly Environment</li> <li>- c) Access to Finance</li> </ul> </li> </ol>
<b>Intervention Background &amp; History</b>	<p>The European Commission's National Indicative Plan (NIP) 2005-2006 for cooperation with Jordan aims at accelerating the pace of reforms and, in particular, at developing investment and trade. It specifies that economic reforms have to address "the legislation, policies and regulatory framework in order to enhance the investment climate and developing private investment to enable the private sector to undertake a leading role". These reforms are particularly relevant in the context of the creation of the EU Jordan free trade area as foreseen by the Association Agreement.</p> <p>The Sector reform Facility (SRF) falls within the first priority areas of EC financial cooperation for 2005-2006 which is "support to the preparation for New Neighbourhood policy and the implementation of the Association Agreement". The identified objectives were private sector development, investment promotion and trade / exports development.</p> <p>The programme intends to be highly complementary to existing technical assistance programmes. In particular, the EC's Industrial modernisation programme (EJADA) supports private sector development through the delivery of services to SMEs to improve management and productive efficiency as well as access to finance. Moreover, the USAID Amir programme provides technical assistance in several areas such as the investment framework, financial markets development, and private sector policy.</p>

<b>Overall objectives</b>	The overall objective of the SRF programme is to support the preparation and implementation of targeted strategies and measures aimed at improving private sector development as the main driving economic force. The SRF programme strives at enhancing public sector reform and private sector development in a sustainable manner with the objective to further raise living standards over the medium term. These reforms will not only play a role in supporting macroeconomic stability, but also in achieving greater involvement of the private sector and, consequently, improving the efficiency, the productivity and the competitiveness of the Jordan economy.
<b>Specific objectives</b>	Specifically, the programme aims at supporting Jordan's efforts at improving the policy, institutional, legal and regulatory framework for the private sector development; the focus is on investment promotion and export development. Improving access to finance for small and medium size enterprises, which have a huge potential for development, is also an objective of the programme. Therefore, two complementary fields of actions have been chosen to achieve these objectives. <ul style="list-style-type: none"> <li>▪ Government support to private sector development, by making public institutions and administrative processes more efficient as well as by improving financial management.</li> <li>▪ The improvement of the business environment for investors by reducing constraints in infrastructure and access to finance.</li> </ul>
<b>Expected results</b>	The expected results of the programme are: <ul style="list-style-type: none"> <li>▪ increased quality and efficiency of the Government's export and investment promotion functions;</li> <li>▪ strengthened macroeconomic framework through fiscal reform and financial management improvement;</li> <li>▪ enhanced trade and exports through transport facilitation measures in terms of logistics, procedures and price liberalisation;</li> <li>▪ improved business environment and attractiveness of Jordan for investors as well as reinforced coordination of investment policies;</li> <li>▪ improved financial environment, information and intermediation for investors and exporters.</li> </ul>
<b>Main Activities</b>	<p><b>Budget support (26) conditions for payment of variable tranches:</b></p> <p><b>1.1 Institutional strengthening of export and investment services</b></p> <ul style="list-style-type: none"> <li>▪ 1.1.1 Support the effective implementation of JAED, JIB, JIEC and JEDC.</li> <li>▪ 1.1.2 Continued effective operation of JAED; JIB; JIEC; JEDC;</li> <li>▪ 1.1.3 Service delivery standards for investment promotion and export development</li> <li>▪ 1.1.4 Produce sections of Draft National Agenda related to investment and export development</li> <li>▪ 1.1.5 Establishment of national goals for investment promotion and export development ;</li> <li>▪ 1.1.6 Finalise streamlining process for investment promotion and export development</li> </ul> <p><b>1.2 Fiscal reform and financial management strategy:</b></p> <ul style="list-style-type: none"> <li>▪ 1.2.1 Launch tax system study</li> <li>▪ 1.2.2 Interim results of study on tax system</li> <li>▪ 1.2.3 Administered oil prices - phasing out subsidies</li> <li>▪ 1.2.4 Finalisation of the medium term fiscal framework (MTFF)</li> <li>▪ 1.2.5 Design e-procurement and cash management systems</li> </ul> <p><b>2.1 Trade facilitation</b></p> <ul style="list-style-type: none"> <li>▪ 2.1.1 Finalisation of National Transport Strategy;</li> <li>▪ 2.1.2 Activation of the trade facilitation co-ordination committee</li> <li>▪ 2.1.3 Improve capabilities of airports as regional cargo hub;</li> <li>▪ 2.1.4 Elimination of "turn" system and fixed price road transport</li> <li>▪ 2.1.5 Planfor adoption of SAD and SW</li> </ul>

	<ul style="list-style-type: none"><li>▪ 2.1.6 Implementation of SAD and SW.</li><li>▪ 2.1.7 Designing regulatory framework for multi- modal transport; provide TA supporting set-up</li></ul> <p><b>2.2 Investment-friendly environment</b></p> <ul style="list-style-type: none"><li>▪ 2.2.1 Develop new legal basis for investment. <i>(only condition that has not been met)</i></li><li>▪ 2.2.2 Adopt a new investment incentives package</li><li>▪ 2.2.3 Launch a campaign to advise investors about revised investment package</li></ul> <p><b>2.3 Access to finance</b></p> <ul style="list-style-type: none"><li>▪ 2.3.1 Modernise the Credit Information System allowing establishment of private Credit Bureaux</li><li>▪ 2.3.2 Commission a study to identify the means to develop venture capital, other investment capital vehicles, long term loans, capital equipment leasing and their securisation</li><li>▪ 2.3.3 Presentation of results of study</li><li>▪ 2.3.4 Identify potential for export credit services</li><li>▪ 2.3.5 Implementation of Anti-Money Laundering law</li></ul>
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## No. 17: EJADA - Jordan

Industrial Modernisation Programme/EJADA <sup>1</sup> (MED/1999/003-308)	
<b>Intervention Type</b>	General Budget Support
	Sector Budget Support
	✓ Project-approach
<b>Start date &amp; End date</b>	<ul style="list-style-type: none"> <li>▪ <i>Start Date:</i> 2001 (Commission decision in 1999, Framework Agreement in 2000)</li> <li>▪ <i>End Date:</i> 2006</li> </ul>
<b>Budget: committed, contracted, disbursed</b>	<ul style="list-style-type: none"> <li>▪ <i>Committed:</i> €45m</li> <li>▪ <i>Contracted:</i> €44.1m</li> <li>▪ <i>Disbursed:</i> €44.1m</li> </ul> (Based on the evaluation's inventory).
<b>Beneficiary</b>	<i>Beneficiaries:</i> The main form of support provided under the programme was to be technical assistance, mainly addressed at companies and, to a lesser extent, at public and private institutions which provide relevant services to companies. The programme also includes financial support in the form of a guarantee funds.
<b>Country/Region</b>	Jordan
<b>Intervention Description</b>	<p>The Industrial Modernisation Programme (IMP) aims at the integrated development and modernisation of the Jordanian private sector with particular emphasis on SMEs and start-up companies. It is addressed to all industry-related sectors of the economy that have a growth and/or export potential: manufacturing industries, services-to industry and other services. It was to be especially concerned with assisting the private sector to adapt to the more liberalised trading environment, notably as a result of the entry into force of the EU-Jordan Association Agreement.</p> <p>The IMP was to assist directly the private sector as well as a range of different actors of immediate relevance to SMEs, such as:</p> <ul style="list-style-type: none"> <li>▪ business support organisations;</li> <li>▪ financial institutions dealing with SMEs.</li> <li>▪ vocational training institutions;</li> <li>▪ public sector institutions (such as the Ministry of Industry and Trade and Ministry of Planning).</li> </ul>
<b>Intervention Background &amp; History</b>	<p>Jordan's economy has been facing new challenges with the signed Association Agreement with the EU in order to gradually establish a free trade area by the year 2010, and the forthcoming accession to the WTO, steps towards a full trade liberalisation and the globalisation of its economy. There is a pressing need to modernise the major industry and service sectors and to improve the productivity, competitiveness and export potential of Jordanian economy, in order to cope with stronger competition from neighbouring and world markets. Supporting the industrial modernisation of the country has thus become a development priority for Jordan as well as for the EU. It is within this context that an Industrial Modernisation Plan was designed for Jordan (EJADA), as in other Mediterranean countries.</p>

<sup>1</sup> EJADA is the brand name of the IMP for Jordan. It stands for 'Euro-Jordanian Action for the Development of Enterprise'; in Arabic 'ejada' means 'competency', 'skill', or 'ability to do well'.

<b>Overall objectives</b>	In the light of the EU-Jordan Association Agreement, the overall objective is 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 the Euro-Mediterranean Free Trade Area aimed to be established by the year 2010.
<b>Specific objectives</b>	The specific objectives relate to the 4 components of the programme: 1) To improve the performance of private industry through the provision of non-financial support services for beneficiary enterprises and strengthening SME support institutions; 2) To enhance the availability and effectiveness of financial instruments for beneficiary enterprises, especially for medium and long-term financing; 3) To strengthen the capacity of vocational training and other education providers to contribute effectively to the aims of industry modernization; 4) To strengthen the institutional capacity of the Ministry of Industry and Trade and the Ministry of Planning and to assist the relevant Jordanian institutions in establishing a conducive environment for industrial modernization, including policy support, to ensure a smooth implementation of the Association Agreement.
<b>Expected results</b>	<p><b><i>Direct non-financial services to SMEs and SME support institutions</i></b> The major expected results are tailored technical assistance and training for the upgrading of existing companies and new ventures (start-ups), improved co-operation between SMEs, increased capacity of business support organisations, trainers and local consultants.</p> <p><b><i>Financial support schemes for SMEs</i></b> Expected results in the field of financial services include improved access to medium/long term finance for SMEs, the creation of new financial schemes for SMEs in the form of a guarantee funds, and improvement in the performance of existing financial schemes.</p> <p><b><i>Vocational training and Human resource development</i></b> The main result of this part of the IMP is an improved, demand-driven and more SME-oriented performance of the intermediary institutions/interface structures of public education providers.</p> <p><b><i>Institutional strengthening and policy support</i></b> Expected results under this component include an improved capacity of the Ministry of Industry and Trade in dealing with industry/SME issues. As a result of the establishment of the National Steering Committee for Industry Modernisation, its co-ordinating role, decision-making in the field of industrial policy will be improved and a greater degree of co-ordination among private and public sector institutions as well as related donor initiatives be achieved.</p>
<b>Main Activities</b>	The IMP consists of the following four components which address the key constraints: 1) Direct non-financial services to SMEs, start-ups and SME support institutions; 2) Financial support schemes for SMEs and start-ups; 3) Vocational training and human resource development; 4) Institutional strengthening and better co-ordination of initiatives in the field of industrial policy development.

## Data Collection Grid – JORDAN

<b>EQ 1</b>	<b>To what extent did the Commission's PSD strategy and programming take into account the recommendations of the 2005 evaluation and the evolution of the overall private sector environment?</b>
Other relevant information (not captured elsewhere)	
<b>JC 1.1</b>	<b><i>The Commission undertook efforts to make sure that the recommendations of the 2005 Evaluation were taken into account</i></b>
Findings at JC level	
<b>I-1.1.1</b>	Existence of a plan or specific approach for the dissemination of the Recommendations to those responsible for programming and design of interventions
<b>I-1.1.2</b>	Evidence of dissemination of the recommendations to those responsible for programming and design of interventions
<b>I-1.1.3</b>	Commission staff were conversant with the 2005 Evaluation or with the recommendations made in this evaluation
<b>I-1.1.1</b>	<b>JORDAN:</b> No specific information found.
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>I-1.1.2</b>	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>I-1.1.3</b>	<b>JORDAN</b> Findings from country mission: Limited awareness of the 2005 PSD evaluation and its recommendations. Little memory on whether recommendations have been considered in programmes' design
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>JC 1.2</b>	<b><i>Specific recommendations of the 2005 evaluation relating to the Commission's overall PSD Strategy have been taken into account</i></b>
Findings at JC level	
<b>I-1.2.1</b>	Evidence of greater clarity at programming level regarding the role of the Commission in PSD (particularly including the link between PSD, economic



	growth, the development objectives and poverty reduction)
I-1.2.2	Evidence of a process taking place to create a common vision of the Commission's PSD between HQ and EUD levels
I-1.2.3	Commission programming has prioritised the areas of highest Commission comparative advantage as described by the 2005 evaluation recommendation RS-2
I-1.2.1	<b>JORDAN:</b> No specific information found.
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
I-1.2.2	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
I-1.2.3	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>JC 1.3</b>	<i>The Commission is aware, through studies and exchanges with other sources of aid for PSD, of the evolution of the private sector environment</i>
<b>Findings at JC level</b>	<p><b>JORDAN</b></p> <p>Findings from country mission:</p> <ul style="list-style-type: none"> <li>• The background / justification section of the EJADA (1999) and SRF FAs indicate general EC awareness of the evolution of the PS in Jordan</li> <li>• Few changes in EC interventions owing to changing context <ul style="list-style-type: none"> <li>• Changes in EJADA, but mainly to improve its sustainability</li> <li>• SBS conditions not changed (SRF), despite indications of refinement needs</li> <li>• No specific changes in programmes following global financial &amp; economic crisis since 2008</li> </ul> </li> <li>• Little evidence of thorough consultation and involvement of private sector (financial sector and enterprises/BSOs) in defining EC strategy and interventions <ul style="list-style-type: none"> <li>• Note. Not easy to recall design period of some programmes (up to 1999)</li> <li>• MoPIC / MoIT consultative council with BSOs.</li> </ul> </li> <li>• Limited awareness of the 2005 PSD evaluation and its recommendations <ul style="list-style-type: none"> <li>• Little memory on whether recomm. have been considered in programmes' design</li> </ul> </li> <li>• Limited use of the COM(2003) 267 and subsequent PSD Guidelines <ul style="list-style-type: none"> <li>• Little evidence of use of PSD-specific studies / diagnostics in early EC strategies and programmes.</li> </ul> </li> <li>• Nevertheless, BST project contributed to design EJADA, and EJADA</li> </ul>

	contributed to design SRF
I-1.3.1	Existence of Commission documents evidencing awareness of the evolution of the private sector environment
I-1.3.2	Stakeholders report existence of dialogue with other sources of aid for PSD concerning the evolution of the private sector environment
I-1.3.3	Evidence exists that the private sector environment has been taken into account in the Commission's PSD strategies and programming at country/regional level
I-1.3.1	<p><b>JORDAN</b></p> <p><b>Sector Reform Facility (SBS) – Jordan</b></p> <p>« Supported by strong export performance, Jordan's economic growth has averaged 5.0% between 2002 and 2004. The Iraqi war caused a temporary disruption, although its adverse impact was moderated by huge inflows of external grants (12.0% of GDP in 2003) as well as by vigorous textiles and clothing exports to the US through the Qualifying Industrial Zones (QIZ) which give exporters duty- and quota-free access to the US market.</p> <p>In 2004, Jordan's economic activity rapidly gained momentum. Real GDP grew by 7.7%. Not only did the tourism and transport sectors contribute to this revival, but the influx of immigrants and foreign firms, involved in Iraq's reconstruction, led to a construction boom, and trade with Iraq recovered.</p> <p>Since 1995, monetary policy has focused on maintaining price stability and on the maintenance of a fixed peg with the US dollar.</p> <p>There is a lack of competitiveness in the highly concentrated banking sector.</p> <p>One of Jordan's main economic weaknesses is its reliance on external grants to finance its fiscal deficit and make up for its inefficient direct tax system.</p> <p>Due to the surge in oil prices, government oil subsidies reached 3.4% of GDP in 2004. Foreign official debt service also weighs heavily.</p> <p>Despite scarce natural resources (particularly water), Jordan's gross national income per capita (around US\$ 1937 in 2004) is higher than the average of MEDA countries.</p> <p>Jordan is one of the better-performing countries of the region in terms of life expectancy at birth (72 years), adult literacy (91 %), access to basic services and education.</p> <p>Job creation is one of the main challenges of the Jordanian authorities. The mismatch between the outcome of the education system and the needs of the labour market points to the need for a reorientation of the education system, which is a priority of the Plan for Social and Economic Transformation (PSET). 14.2% of Jordanians were still living below the poverty line in 2002 (against 21.3% in 1997).</p> <p>Jordan has made great strides in opening and liberalising its economy and is well advanced with a comprehensive programme of privatisation. However, Jordan does not yet compare favourably with some of the dynamic economies of Asia and Latin America and even with other countries of the region.</p> <p>Jordanian population is well educated which offers potential for the development of the service sector, which largely depends upon qualified human resources ». (FA annexII p2-3)</p> <p><b>EJADA - Jordan</b></p>
I-1.3.2	<p><b>JORDAN</b></p> <p><b>Sector Reform Facility (SBS) - Jordan</b></p> <p><b>EJADA - Jordan</b></p>
I-1.3.3	<b>JORDAN</b>

	<b>Sector Reform Facility (SBS) - Jordan</b>
	<p><b>EJADA – Jordan:</b></p> <p><i>“Jordan's economy will be facing new challenges: the Association Agreement with the EU, signed in November 1997 in order to gradually establish a free trade area by the year 2010 and the forthcoming accession to the WTO are steps towards a full trade liberalisation and the globalisation of the Jordanian economy. There is a pressing need to modernise the major industry and service sectors and to improve the productivity, competitiveness and export potential of the Jordanian economy in order to cope with stronger competition from neighbouring and world markets. (FA AnnexII p2). »</i></p>
<b>JC 1.4</b>	<b><i>Policy documents and surveys relating to PSD and the quality of aid have been taken into account by the Commission</i></b>
<b>Findings at JC level</b>	
<b>I-1.4.1</b>	Documents show that new policy recommendations have been taken into account
<b>I-1.4.2</b>	Stakeholders report existence of internal dialogue or other process(es) that take into account new policy recommendations regarding quality of PSD aid
<b>I-1.4.1</b>	<p><b>JORDAN:</b></p> <p>This evaluation shows that the EC strategy included many implicit assumptions about exports to the EU market. In the late 1990s, the assumptions were the following:</p> <ul style="list-style-type: none"> <li>Trade liberalisation removes tariffs and quotas, and provides Jordanian SMEs with free access to the EU market</li> <li>Advisory services provided to export-oriented SMEs boost their competitiveness</li> </ul> <p>Both factors generate a breakthrough in Jordanian exports to the EU. As early as 2002, the EC Delegation's annual report recognised slow progress in Jordanian exports to the EU and quoted non-tariff barriers as one of the main obstacle. In 2003, the evaluation of MEDA I (and its Jordanian appendix) concluded that the above assumptions were not working. This report confirms (1) that the assumptions are not even likely to work, and (2) that the lesson has been fully learnt by the EC Delegation. A renewed approach was taking shape at the inception of this evaluation (fall 2006), again with many implicit assumptions which the evaluation team understands as follows:</p> <ul style="list-style-type: none"> <li>The EC assists Jordanian SMEs in overcoming technical barriers to trade, especially through matching EU standards</li> <li>The EC-supported regional integration (Agadir process) provides Jordanian SMEs with opportunities of alliances with firms from Egypt, Morocco or Tunisia, with substantial benefits in terms of competitiveness</li> </ul> <p>Both factors, combined with the two previous ones, generate a breakthrough in Jordanian exports to the EU market.</p> <p><i>“The Jordanian experts in the evaluation team consider that the validity of the new assumptions is by no means certain because the Jordanian legislation has to be changed, and several institutions have to be created and made operational. In addition, there is not yet a common understanding as to how Jordan will practically benefit from the Agadir process”. (EvalVol1p43-44)</i></p>
	<b>Sector Reform Facility (SBS) - Jordan</b>

	<b>EJADA - Jordan</b>
<b>I-1.4.2</b>	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>

<b>EQ 2</b>	<b>To what extent was Commission support to PSD in partner countries part of a strategic approach geared to the overall objectives of EU External Policy, while aligning with the priorities of the country/region and maximizing its VA, including in terms of synergies with other actors and other types of Commission support?</b>
<b>Other relevant information (not captured elsewhere)</b>	
<b>JC 2.1</b>	<b><i>Commission geared PSD support towards overall EU external policy objectives</i></b>
<b>Findings at JC level</b>	<p><b>JORDAN</b></p> <p><b>Findings from the country mission:</b></p> <ul style="list-style-type: none"> <li>• <b>The underlying strategic element for the EC's actions in PSD in Jordan is the market liberalisation</b> relating to the progressive entry into force of the EU-Jordan free trade market (cf. 2002 Association Agreement) <ul style="list-style-type: none"> <li>• Strong links between PSD and Trade in EC approach to Jordan</li> <li>• In line with EU external policy objectives for Med. countries, mainly in terms of economic development and progressive creation of Euro-Med. free trade area;</li> </ul> </li> <li>• <b>The main strategy document consists of the AA (1997) and the five-year EU-Jordan Action Plans</b> in 2005 and 2010 (<i>cf. ENP</i>) <ul style="list-style-type: none"> <li>• <b>Jointly defined priorities in Action Plans</b>; aligned with Jordan's policies &amp; strategies (Vision 2020, National Agenda)</li> <li>• These action plans are translated into specific strategic actions and corresponding budgets through the <b>CSP/NIP</b>.</li> </ul> </li> <li>• <b>EC strategic plan in terms of trade liberalisation, but not specifically for PSD</b> <ul style="list-style-type: none"> <li>• A progressive approach in PSD could indeed make sense</li> <li>• But shortcoming in logic of sequencing of activities owe probably to the lack of a well-thought strategic plan (<i>e.g. guarantees before credit bureaux, cf. EQ4</i>)</li> <li>• A comprehensive SME strategy is only being designed now with the GoJ, based on acquired experience</li> </ul> </li> </ul>
<b>I-2.1.1</b>	Relation between overall EU external policy objectives and Commission PSD support is explicitly identified in Commission policy documentation
<b>I-2.1.2</b>	Programming documentation explicitly relates PSD interventions to overall EU external policy objectives
<b>I-2.1.3</b>	Stakeholders consider that Commission PSD support has contributed to the achievement of overall EU external policy objectives
<b>I-2.1.1</b>	<p><b>JORDAN:</b></p> <p><i>"Trade liberalisation is part of the second objective of the Barcelona process. It is by far the main objective of the Association Agreement. It is the first objective in the CSP text, although it may</i></p>

	<p><i>not have the highest degree of priority. Trade liberalisation has been made a condition of budget support". (EvalVol2p31)</i></p> <p><i>"The strategy behind the Association Agreement was focused on trade liberalisation, including the reduction of EU tariffs and quotas, complemented by support to export-oriented SMEs. The implicit assumption was that export-based growth would follow, which did not prove to be the case, essentially due to technical barriers (non-tariff barriers)". (EvalVol2p39)</i></p> <p><i>"Implementation of the Action Plan advances the approximation of Jordanian legislation, norms and standards to those of the European Union. This allows Jordan to move beyond cooperation to a significant degree of economic integration, with the objective of "a stake in the EU's internal market". The Action Plan helps devise and implement policies and measures to promote political reforms, economic growth, employment and social cohesion, reduce poverty and protect the environment, thereby contributing to the long-term objective of sustainable development. The Action Plan represents a common framework for EU relations with Jordan and is, therefore, the natural framework for the definition of the strategic approach developed in the CSP, ensuring consistency between this co-operation response and other core EU policies." . (CSPNIP2007-2010 p4)</i></p> <p><i>"The impact of the financial assistance in the ENP framework can be maximised by:</i></p> <ul style="list-style-type: none"> <li><i>-□ focusing on Jordan's own reform agenda, to ensure ownership;</i></li> <li><i>-□ contributing to the implementation of the Action Plan and increasing the consistency with the different EU policies;</i></li> <li><i>-□ supporting a limited number of objectives, by prioritising strategic sectors in which the EU has developed good co-operation with Jordan."</i>(CSPNIP2007-2010 p5)</li> </ul> <p><i>"The strategic response to challenges must be both linked to Jordan's priorities and fully consistent with other EU policies. This consistency is ensured by the ENP policy framework. Indeed, the Action Plan represents a single framework for EU relations with Jordan, and the results of the EU-Jordan dialogue on implementing the ENP Action Plan - which involved the different services of the Commission - have guided the selection of priorities". (CSPNIP2007-2010 p16)</i></p> <p><b>Sector Reform Facility (SBS) - Jordan</b></p> <p><b>EJADA - Jordan</b></p>
<p><b>I-2.1.2</b></p>	<p><b>JORDAN:</b></p> <p><i>"The MEDA programme is the main financial instrument of the European Union for the implementation of the Euro-Mediterranean Partnership. Going far beyond traditional development aid, MEDA makes economic transition and free trade the central issue of EU financial cooperation with the Mediterranean region. The instrument offers technical and financial support measures to accompany the reform of economic and social structures in the Mediterranean partner countries, and it is implemented by the EC (EuropeAid). MEDA was set up in 1996 and amended in 2000 (MEDA II)." (EvalVol1p4)</i></p> <p>The strategy behind the Association Agreement has been fully implemented over the last ten years. Jordanian industrial products have gained access to the EU market free of tariffs and quotas, and a critical mass of export-oriented SMEs has been supported. Finally, the Government has passed and implemented a number of reforms in order to create a business-friendly environment, mainly with the support of the USA.</p> <p><i>"Since 2001, the EC has actively promoted regional integration through the Agadir process,</i></p>

	<p><i>which is seen as another approach to boost Jordan's exports to the EU.</i></p> <p><i>The EC-supported SMEs have developed their awareness of international markets, their capacity to export, and their actual exports to Arab countries, the USA and other parts of the world. However, this evaluation confirms that the expected breakthrough in their exports to the EU did not occur, despite a few low-scale success stories". (EvalVol1p22)</i></p>
	<p><b>Sector Reform Facility (SBS) – Jordan</b></p> <p><i>« The Sector Reform Facility (SRF) focuses on private sector development, investment promotion and export development and is consistent with the priorities of the Jordanian Government's agenda for reform. The SRF is also coherent with the EU-Jordan Neighbourhood Action Plan that notably aims at enhancing trade, investment and growth ». (FA annexII p5)</i></p>
	<p><b>EJADA – Jordan:</b></p> <p><i>"Jordan's economy will be facing new challenges: the Association Agreement with the EU, signed in November 1997 in order to gradually establish a free trade area by the year 2010 and the forthcoming accession to the WTO are steps towards a full trade liberalisation and the globalisation of the Jordanian economy. There is a pressing need to modernise the major industry and service sectors and to improve the productivity, competitiveness and export potential of the Jordanian economy in order to cope with stronger competition from neighbouring and world markets". (FA AnnexII p2)</i></p>
I-2.1.3	<p><b>JORDAN</b></p>
	<p><b>Sector Reform Facility (SBS) - Jordan</b></p>
	<p><b>EJADA - Jordan</b></p>
JC 2.2	<p><b><i>The Commission applied explicit policies and guidelines to make sure that its support to PSD was part of a strategic approach</i></b></p>
Findings at JC level	
I-2.2.1	<p>Existence of policy documents and guidelines that explicitly tackle the importance of a strategic (prioritised) approach towards PSD alongside the different dimensions mentioned</p>
I-2.2.2	<p>These policies and guidelines were utilised for the design of PSD strategies at country/ regional level and for the programming</p>
I-2.2.3	<p>Commission staff expressed the view that the guidance provided was appropriate</p>
I-2.2.1	<p><b>JORDAN:</b></p> <p><i>"The EU is Jordan's main trade partner. Trade liberalisation is part of the second objective of the Barcelona process. It is by far the main objective of the Association Agreement. It is the first objective in the CSP text, although it may not have the highest degree of priority. Trade liberalisation was a condition of budget support and it has been subject to technical assistance. The EC has promoted Jordanian exports through its support to SMEs." (EvalVol1p21)</i></p> <p>Trade and investment have already helped enhance Jordan's access to a wide range of goods, services, technologies and knowledge. By stimulating private sector activity and attracting private capital, they contribute to job creation, and therefore generate resources for poverty reduction. Trade and investment liberalisation should remain the basis of Jordan's development strategy in the future.</p> <p><i>"The analysis of Jordan's trade performance in section two brings to light three important</i></p>

	<p><i>characteristics. First, the volume of Jordan's exports to the EU remains small and leaves room for improvement. Secondly, given the large share – more than 70% - of the service sector in Jordan's economy, trade in services should be designated a growth area. Thirdly, Jordan would benefit from further trade diversification both in its export portfolio and markets.” (CSPNIP2007-2010 p18)</i></p>
	<p><b>Sector Reform Facility (SBS) - Jordan</b></p>
	<p><b>EJADA - Jordan</b></p>
<b>I-2.2.2</b>	<p><b>JORDAN</b></p>
	<p><b>Sector Reform Facility (SBS) - Jordan</b></p>
	<p><b>EJADA – Jordan:</b>  <i>“In the light of the EU-Jordan Association Agreement, the overall objective is 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 the EuroMediterranean Free Trade Area aimed to be established by the year 2010”.</i> (FA AnnexII p5)</p>
<b>I-2.2.3</b>	<p><b>JORDAN</b></p>
	<p><b>Sector Reform Facility (SBS) - Jordan</b></p>
	<p><b>EJADA - Jordan</b></p>



<b>JC 2.3</b>	<b><i>The PSD strategies and programming of the Commission took into account the national/regional priorities</i></b>
<b>Findings at JC level</b>	<p><i>"In 2005, a new umbrella organisation, JAED (Jordan Authority for Enterprise Development), was created under the Ministry of Industry and Trade, to ensure overall coordination of investment, trade and enterprise development operations. JAED should have a key role in defining policies, setting key performance indicators and monitoring results for the new network of related organizations". (CSPNIP2007-2010 p9)</i></p> <p><i>"Notwithstanding the sound legal base for the private sector, a long-standing issue has been the weakness of strategic policy developments, particularly on export and investment promotion". (CSPNIP2007-2010 p9)</i></p> <p><i>"According to the National Agenda the economic reforms will be continued. Macroeconomic stability and reduction of fiscal imbalances remain a priority, with proposals for reforming the taxation system and phasing out oil and food subsidies. The Agenda also sets up objectives for developing small businesses, improving the investment environment and the competitiveness of some specific sectors". (CSPNIP2007-2010 p13)</i></p>
<b>I-2.3.1</b>	The Commission conducted a policy dialogue with national authorities on PSD strategies
<b>I-2.3.2</b>	CSPs/RSPs clearly link the Commission PSD support to national/regional overall and PSD specific strategies and programming
<b>I-2.3.3</b>	Stakeholders consider that Commission support to PSD is aligned to the overall and sector specific national priorities
<b>I-2.3.1</b>	<p><b>JORDAN:</b></p> <p><i>"The EC's strategy in Jordan has been coherent and relevant. The 2002-2006 period shows evidence of strategic management. Major shifts in the Government's strategy have been accompanied by new priorities on the EC's side in a context of systematic policy dialogue and pragmatic coordination with Member State"s. (EvalVol1pi)</i></p> <p>Trade related issues are discussed with the Jordan Government at three levels: annual meetings of the EU-Jordan Association Council (Ministry of Foreign Affairs), annual meetings of the Association Committee (MoPIC), and two-yearly meetings of the Trade Sub-Committee.</p> <p><i>"Private sector development has been extensively discussed between the EC and the Government in the framework of the transfer of EJADA activities into a sector budget support". (EvalVol2p34)</i></p> <p><i>"Two Ministries are mainly involved in the policy dialogue: MoPIC and Ministry of Industry and Trade (MIT), the first having "a larger competency and a stronger capacity", something which is considered as "quite unusual" (Interview EC). The MIT benefits from a capacity building project funded under SAAP I." (EvalVol2p35)</i></p> <p><i>"During the first year of implementing the EU-Jordan ENP Action Plan, a regular dialogue between the EU and Jordan took place through several sub-committees, involving discussions on the implementation of the different chapters of the Action Plan, enabling specific priorities to be identified. In addition, Jordan has worked on a reform agenda for the next ten years: the "National Agenda", completed by the Kulluna al Urdun initiative (We Are All Jordan), which set out detailed priorities and objectives to address national challenges. This reform agenda is fully in line with the Action Plan and can guide its implementation." (CSPNIP2007-2010 p3)</i></p>

	<p><i>“There is a negligible involvement of private-sector and civil-society actors in policy making and implementing reforms.” (CSPNIP2007-2010 p13)</i></p>
	<p><b>Sector Reform Facility (SBS) - Jordan</b></p>
	<p><b>EJADA - Jordan</b></p>
<p><b>I-2.3.2</b></p>	<p><b>JORDAN:</b></p> <p><i>“The EC’s strategy has been aligned on Jordan’s priorities in a dynamic way. Notwithstanding that the EC has provided only a minor share of external assistance to Jordan, it has managed to accompany all major shifts in the Government’s strategy during the period under study and, in addition, has sometimes contributed to putting new issues on the Government’s agenda through a mix of systematic dialogue and technical assistance. An example is the reform of the competition policy which has been revived under the auspices of the ECsupported EJADA23 programme, after having been clinically dead for several years” (EvalVol1p17-18)</i></p> <p><b>Sector Reform Facility (SBS) – Jordan</b></p> <p><i>« Notwithstanding progress in developing a sound legal environment for the private sector, a long-standing issue is the inadequate attention devoted to strategic policy development. The development of a National Agenda and National Goals is a step towards this and will also empower a wider range of stakeholders than is the case currently. » (FA annexII p5)</i></p> <p><i>« The Sector Reform Facility (SRF) focuses on private sector development, investment promotion and export development and is consistent with the priorities of the Jordanian Government's agenda for reform. The SRF is also coherent with the EU-Jordan Neighbourhood Action Plan that notably aims at enhancing trade, investment and growth ». (FA annexII p5)</i></p> <p><i>« A new Public Sector Reform Strategy (PSRS) was adopted by the government in November 2004 and has received the support of several donors and incorporates four interlinked components:</i></p> <ul style="list-style-type: none"> <li><i>• Policy and Decision Making;</i></li> <li><i>• Performance Management and Service Delivery Improvement;</i></li> <li><i>• Institutional Strengthening;</i></li> <li><i>• Resource Management.</i></li> </ul> <p><i>Concentrating on investment promotion and export development, the SRF's component "Institutional Strengthening of Investment and Export Services" is situated within the Public Sector Reform Strategy and adopts its principles. Since the concerned organisations will not be able to carry out the needed work without the financial and human resources, power and remit, the "Institutional Strengthening of Investment and Export Services" address these issues and tackle in particular the need for budgetary support to ensure the sustainability of JAED, JIB, JIEC and JEDC over a number of years. »(FA annexII p6)</i></p> <p>Jordan's fiscal reforms for over a decade have aimed at remedying a number of structural weaknesses : dependency on foreign grants (including oil grants), low revenues from direct taxation and inefficient expenditures. Successful reforms have been undertaken in recent years, but revenues from direct taxation (especially corporate taxes) remain low. Further changes are needed to eliminate distortion among the different sectors of the economy, minimises tax evasion, and supports Jordan's competitiveness. Large oil subsidies weigh heavily on budget expenditures. Fiscal reforms are being pursued in the context of the Financial Management Reform Strategy 2004 - 2007 (FMRS).</p> <p><i>« Measures in the compartment « Fiscal Reform and Financial Management Strategy » of the</i></p>

	<p>SRF include (i) a study of the tax system, to determine whether it could be simplified by unifying rates ; (ii) the strengthening of the macro-economic framework through the phasing out of oil subsidies, with accompanying measures to mitigate the adverse consequences of increased fuel prices on low-income groups (the authorities have committed themselves to phasing out subsidies on domestic fuel prices over the medium term, starting in 2005); and (iii) a reform of the procurement system by the Government from the private sector which should be made more transparent ensuring "value for money" in the procurement of goods and services and fair and efficient processes. » (FA annexII p7)</p> <p><b>EJADA – Jordan:</b></p> <p>“Supporting the industrial modernisation of the country has become a development priority for Jordan as well as for the EU. It is within this context that IMP (managed by EJADA) for Jordan has been designed.” (FA AnnexII p2)</p> <p>“The modernisation of the Jordanian industrial sector is a Government of Jordan (GoJ) priority and as such the contributions of the project remain relevant and appropriate.” (MR10206.04)</p> <p>“The project is fully consistent with Partner Government policies and relevant sector programmes and target groups correspond to those benefiting from the project.” (MR10206.03)</p>
I-2.3.3	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>JC 2.4</b>	<b><i>The potential VA of the Commission geared its decisions on the nature of the support it would provide</i></b>
<b>Findings at JC level</b>	<p><b>JORDAN</b></p> <p>Findings from the country mission: EC PSD support (focusing on enterprise competitiveness) leveraged on its mandate for trade matters (AA), more than on EC expertise in this field. Alignment on Jordan priorities</p>
<b>I-2.4.1</b>	Types of potential VA the Commission considered it could offer when providing support to PSD (as attested for instance by overall documents on the Commission’s PSD strategy)
<b>I-2.4.2</b>	Overall approach of the Commission to ensure that its PSD support would be geared, among other things, by its potential VA
<b>I-2.4.3</b>	References in strategy documents at country/ regional level to the potential VA of the Commission when providing support to PSD
<b>I-2.4.4</b>	Stakeholders consider that the Commission’s country and regional strategies took into account the Commission’s potential VA and are able to identify such VA
I-2.4.1	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
I-2.4.2	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>

I-2.4.3	<b>JORDAN:</b> <i>“The transfer of EC’s responsibilities to the Government can be understood as a step towards a more efficient system. The former EJADA activities have therefore been transferred to a newly created institution (JUMP).” (EvalVol2p79)</i>
	<b>Sector Reform Facility (SBS) – Jordan</b> <i>« The SRF also adds value to the EC's efforts in supporting private sector development, in particular the Industrial Modernisation Programme (EJADA). The SRF was designed in consultation with others donors supporting the development of the private sector in Jordan, notably the USAID's AMIR programme. Furthermore, facilitation aspects were coordinated with the European Investment Bank and the World Bank. » (FA annexII p5)</i>
	<b>EJADA - Jordan</b>
I-2.4.4	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>JC 2.5</b>	<i><b>The potential synergies of the Commission with other actors and other types of Commission support geared its decisions on the nature of the support it would provide.</b></i>
<b>Findings at JC level</b>	<b>JORDAN</b> Findings from the country mission: <b>Structured coordination with other donors decreasing over time</b> owing to weak Gov steering, but compensated by bilateral contacts. <ul style="list-style-type: none"><li>• Few examples raised of successful or unsuccessful coordination (incl. with EU MS and USAID AMIR/SABEQ) – <i>caveat: no other donors met</i></li><li>• Strong coherence with EIB on venture capital (see EQ3)</li></ul>
<b>I-2.5.1</b>	Commission documents that lay down the overall (not country specific) PSD strategy of the Commission require that the Commission PSD strategies and interventions are chosen on the basis of, among other things, synergies with support provided by other actors or other types of Commission support
<b>I-2.5.2</b>	CSPs/RSPs and programming documents highlight synergies with support provided by other actors or other types of Commission support
<b>I-2.5.3</b>	Stakeholders consider that synergies with support provided by other actors or other types of Commission support been a key criterion for deciding on the nature of the support to be provided
I-2.5.1	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>I-2.5.2</b>	<b>JORDAN:</b> In the field, the overall coordination, harmonisation and alignment of donor efforts is led by the UN, in close cooperation with the Ministry of Planning and International Cooperation and the different line Ministries. The “Donor/Lender Consultation Group (DLCG)” process initiated in Jordan in 2000 aims to facilitate

	<p>dialogue on priorities and programmes in Jordan, reviewing assistance to the country and improving the harmonisation of operational activities with a view to maximizing their effectiveness and efficiency. This mechanism thus ensures coordination between Member States, as well as USAID, the UN and other active donors, such as Japan. The DLCG has established six thematic groups: education, social development, private sector reform, environment, water, governance and public-sector reform. The EU and its Member States are actively involved in the different groups and technical committees, chairing plenary sessions and coordinating meetings with the government.</p> <p>Cooperation with EU Member States is effected through monthly meetings chaired by the EU, focusing on overall coordination issues, with a special emphasis on establishing an “EU road map for donor harmonisation and alignment”.</p> <p><i>“Coordination with the World Bank and EIB is achieved under the Strategic Partnership Agreement between the three institutions, launched in 2004. Jordan was a pilot country for this partnership, which involves dialogue during the different phases of the project cycle, information sharing and defining complementary operations.”</i> (CSPNIP2007-2010 p16)</p> <p><i>“The main player in the area of trade and private sector development is USAID, especially because of the successful creation of the Qualified Industrial Zones (QIZ) in 1996. This system gives exporters duty- and quota- free access to the US market and allowed Jordan to benefit from a vigorous growth of textile and clothing exports to the US. The US supported AMIR programme has also played the main role in promoting a business friendly environment.”</i> (EvalVol2p34)</p> <p><i>“The AMIR programme came to an end in November 2006 and it was immediately replaced by another USAID programme called SABEQ, with a financial allocation similar to the EC’s Sector Reform Facility. Continuation of EJADA and AMIR are almost concomitant in time (July and November 2006), but the processes are quite different in institutional terms since the EC has passed the responsibility to the Government and has moved to a sector budget support.”</i> (EvalVol2p79)</p> <p><i>“The transfer of EC’s responsibilities to the Government can be understood as a step towards a more efficient system. The former EJADA activities have therefore been transferred to a newly created institution (JUMP).”</i> (EvalVol2p79)</p> <p><i>“Some competition between donors has occurred, and may have resulted in some extra cost required to attract a critical mass of enterprises into the EJADA project.”</i> (EvalVol2p82)</p> <p><b>Sector Reform Facility (SBS) – Jordan</b></p> <p><i>« The SRF was designed in consultation with others donors supporting the development of the private sector in Jordan, notably the USAID's AMIR programme. Furthermore, facilitation aspects were coordinated with the European Investment Bank and the World Bank. »</i> (FA annexII p5)</p> <p><b>EJADA – Jordan:</b></p> <p><i>“Attention should be paid to adequate and proactive coordination with other projects and other donors. As an example, the US bilateral cooperation is launching a programme of technical assistance to SMEs. EC Delegation and EJADA: They should initiate and set up an interdonor coordination platform in order to streamline initiatives and plans targeting JUMP and avoid any overlappings.”</i> (MR10206.01)</p>
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<b>I-2.5.3</b>	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>

<b>JC 2.6</b>	<b><i>The Commission's PSD strategies and programming were clearly prioritised and part of a wider Commission strategy in the country/region</i></b>
<b>Findings at JC level</b>	
<b>I-2.6.1</b>	Commission strategy/programming documents explain how the Commission's PSD strategy fits into the wider Commission's country/regional strategies and priorities
<b>I-2.6.2</b>	Commission strategy/programming documents explain how the Commission's have been prioritised with regard to the PSD needs of the country
<b>I-2.6.3</b>	Stakeholders consider that the Commission's PSD support was part of a wider prioritised approach of the Commission in the country/region as well as prioritised with respect to PSD need of the country
<b>I-2.6.4</b>	A methodological procedure has been adopted for selecting areas of intervention per country, as per the 2005 Evaluation Recommendation RI-1, including: an assessment of priority needs; selection of interventions with Commission comparative advantage; and an assessment of whether pre-conditions of intervention are met
<b>I-2.6.1</b>	<p><b>JORDAN:</b></p> <p><i>"EC support to SMEs is a showcase of joint policy development in Jordan. It has led to the establishment of a private-sector development policy which is now fully managed and owned by the Government, and partly funded by the EC through sector budget support. It took ten years."</i> (EvalVol2p84)</p> <p><i>"Any EC activity in Jordan should be explicitly embedded in a policy development process. This should be made fully transparent to the Government and Member States, and subject to policy dialogue and EU-level coordination. This recommendation is not about doing things differently. On the contrary, the approaches which have worked well should be actively and explicitly promoted."</i> (EvalVol1pü)</p> <p><i>"The EU is Jordan's main trade partner. Trade liberalisation is part of the second objective of the Barcelona process. It is by far the main objective of the Association Agreement. It is the first objective in the CSP text, although it may not have the highest degree of priority. Trade liberalisation was a condition of budget support and it has been subject to technical assistance. The EC has promoted Jordanian exports through its support to SMEs."</i> (EvalVol1p21)</p> <p><i>"The main objectives of the EC strategy for Jordan for 2007-2013 are:</i></p> <ol style="list-style-type: none"> <li><i>1. Supporting Jordan's political and security reform in the areas of democracy, human rights, good governance, justice and the fight against extremism</i></li> <li><i>2. Developing further trade and investment relations: exploiting the full potential of the free movement of goods and services; preparing Jordan's participation in the internal market; improving trade logistics and transport</i></li> <li><i>3. Ensuring the sustainability of the development process, with better management of human and natural resources</i></li> <li><i>4. Further building the capacity of Jordanian institutions, by investing in strengthening public administration, ensuring financial stability and supporting regulatory approximation with EU legislation."</i> (CSPNIP2007-2010 p17) </li></ol>
	<b>Sector Reform Facility (SBS) - Jordan</b>

	<b>EJADA - Jordan</b>
I-2.6.2	<b>JORDAN:</b> <i>“The financial assistance can be maximised by supporting a limited number of objectives, by prioritising strategic sectors in which the EU has developed good co-operation with Jordan”.</i> (CSPNIP2007-2010 p5)
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
I-2.6.3	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
I-2.6.4	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>JC 2.7</b>	<b><i>The Commission designed its PSD support so as to promote gender equality, good governance, and combat environmental degradation and HIV</i></b>
<b>Findings at JC level</b>	
I-2.7.1	Commission strategy/programming documents explain how the Commission’s PSD strategy and specific intervention will contribute to the above mentioned crosscutting issues
I-2.7.2	Stakeholders consider that when designing its support, the Commission took into account the above mentioned cross-cutting issues
I-2.7.1	<b>JORDAN:</b> <i>“Gender is both an important and a difficult issue in the context of Jordan. In this respect, the main challenges are in the areas of women’s rights and equal job opportunities. Gender has not been mainstreamed in a systematic way, but it has been given appropriate attention in at least two areas where the main challenges could be adequately addressed, i.e. support to civil society organisations and to SMEs. In both instances, substantial impacts have been achieved.”</i> (EvalVol1p39)
	<i>“The successful EJADA programme has been gender sensitive at least in its management, even if interviewed SMEs do not remember having been briefed on gender. After the termination of the programme, seven members of the management team established themselves as private consultants. A majority of them are women, in a proportion which is far above Jordanian standards in the area of highly qualified jobs.”..</i> (EvalVol1p39-40)
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA – Jordan:</b> <i>“The success of women, in the project interventions and in the follow-up period, should be studied and further support for women in business – such as the women’s innovation centre soon to be opened – should be encouraged.”</i> (MR10206.04)



I-2.7.2	JORDAN
	Sector Reform Facility (SBS) - Jordan
	EJADA - Jordan
JC 2.8	<i>The Commission PSD activities have contributed to the decent work agenda and/or the improvement of core labour standards and rights of the worker</i>
Findings at JC level	JORDAN Findings from the country mission: <b>CCIs and Decent Work Agenda have not been actively considered</b> in programme design and implementation.
I-2.8.1	EC macro-economic and policy interventions targeted the decent work agenda and/or improvement of core labour standards and social governance in beneficiary countries during the evaluation period
I-2.8.2	Regulations passed on core labour standards and/or social governance in beneficiary countries during the evaluation period
I-2.8.1	JORDAN: No specific information found.
	Sector Reform Facility (SBS) - Jordan
	EJADA - Jordan
I-2.8.2	JORDAN
	Sector Reform Facility (SBS) - Jordan
	EJADA - Jordan

<b>EQ 3</b>	<b>To what extent did the set of Commission funding vehicles and aid modalities for supporting PSD strategies and activities of partner countries and regions result in the provision of timely responses at a reasonable cost to the challenges faced by the private sector in third countries, while fostering synergies among each other and with vehicles offered by other actors?</b>
<b>Other relevant information (not captured elsewhere)</b>	
<i>JC 3.1</i>	<i>The set of funding vehicles or aid modalities developed by the Commission at general level to support partner country PSD strategies and activities aimed at covering the range of challenges faced by the private sector in third countries, while bearing in mind efficiency and synergies</i>
<b>Findings at JC level</b>	
<b>I-3.1.1</b>	Documents outlining the rationale of each modality/ instrument with respect to PSD identify the specific challenges to which it should respond
<b>I-3.1.2</b>	Commission documents explain how the <i>set</i> of instruments/modalities covers the needs of the private sector in a comprehensive manner, while fostering efficiency and synergies
<b>I-3.1.3</b>	Stakeholders consider that the Commission's set of instruments was designed with a view to tackle challenges while fostering efficiency and synergies
<b>I-3.1.1</b>	<b>JORDAN:</b> Not applicable.
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>I-3.1.2</b>	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>I-3.1.3</b>	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<i>JC 3.2</i>	<i>When designing its support for partner country PSD strategies and activities in specific countries or regions, the Commission's choice of funding vehicles or aid modalities was geared towards the specificity of challenges, the expected efficiency and the potential synergies with other vehicles or modalities</i>
<b>Findings at JC level</b>	<b>JORDAN:</b> Findings from the country mission: <ul style="list-style-type: none"> <li>PSD funding vehicles in Jordan: bilateral cooperation, FEMIP (RC &amp; TA),</li> </ul>

	<p>DG ENTR</p> <ul style="list-style-type: none"> <li>• No global approach at country level encompassing all funding vehicles</li> <li>• Set of EC funding vehicles address important PSD support needs</li> <li>• Strong EC-EIB coherence in terms of venture capital – cf. EIB SME VC Funds             <ul style="list-style-type: none"> <li>• But issue of logical sequencing</li> </ul> </li> <li>• Few other examples of coordination among EC funding vehicles</li> <li>• PSD aid modalities in Jordan: programme approach + SBS (see next slide)             <ul style="list-style-type: none"> <li>• PSD financial and non-financial instruments in Jordan: Grants, loans, TA, Risk capital</li> <li>• TA, knowledge transfer and other types of non-financial support much appreciated</li> <li>• Direct grants to SMEs also much appreciated by EC and (top-end) SME met</li> </ul> </li> </ul>
<p><b>I-3.2.1</b></p>	<p>Justification of the choice of instruments in strategy and programming documents at country/regional level</p>
<p><b>I-3.2.2</b></p>	<p>Justification of the choice provided by Commission representatives</p>
<p><b>I-3.2.1</b></p>	<p><b>JORDAN:</b></p> <p><i>“Further financial and technical support to develop trade and investment is needed to fully exploit the potential of economic relations between Jordan and the EU. The objective is to provide a comprehensive package of assistance, which can include technical and financial support to businesses, in terms not only of market access, but also of innovation and technology transfer, as well as institutional support for investment and export-promotion institutions.” (CSPNIP2007-2010 p19)</i></p> <p><i>“A significant part of the assistance will be allocated as a variable ‘reform’ premium to encourage the progress on reform, in particular political reform. Jordan should also be encouraged, along with other southern Mediterranean partners, to take advantage of this ‘Governance Facility’, launched at the EuroMed 10th Anniversary Summit in 2005, which will deliver increased funding to better-performing partners. If Jordan qualifies for this additional support, further co-operation can be considered in one of the four priorities, in line with the Action Plan and the National Agenda”. (CSPNIP2007-2010 p24)</i></p> <p><i>“Adequate tools will be selected at the identification phase. In this NIP, the projects’ description can suggest, when possible, to favour the use of budget support, including sector approaches. This requires the definition of agreed performance indicators to measure and review progress. In addition, a sector approach supposes the existence of an approved sectoral policy documents. Other instruments can be used, including technical assistance, twinning, and interest rate subsidies.” (CSPNIP2007-2010 p24)</i></p> <p><i>“Three mutually-enhancing programmes are planned, which will ensure better consistency between the different operations to develop the private sector.</i></p> <p><i>1. Support for the modernisation of the services sector (30 Meuro)</i></p> <p><i>In 2006, Jordan agreed, with seven other partners, to open negotiations on the liberalisation of trade in services and the right of establishment. Potentially, Jordan stands to gain considerably</i></p>

*more from this than it has done from liberalisation of trade in industrial goods, as it will gain access to the EU services market, which is the largest in the world.*

*Jordan's economy is dominated by services, which represent around 75% of GDP. It is therefore strategic for Jordan to increase the competitiveness of its services sector to benefit from the liberalisation of trade in services.*

### *2. Support to enterprise and exports development (15 Meuro)*

*The EJADA programme ends in 2006 and it is important that EU assistance continue in this field in order to ensure the sustainability of JUMP.*

*The Jordan Enterprise Development Corporation (JEDCO) is responsible for promoting exports and enterprise and the Jordanian authorities plan to transfer the activities of JUMP to JEDCO, which will then also be responsible for implementing export and enterprise policies. This programme will be flexible, able to provide specific technical or financial support to JEDCO's enterprise and export development activities. It will take into account Jordan's priority areas (education for entrepreneurship, easier access to finance, business support services of high quality, and innovative capacity of SMEs).*

### *3. Trade and transport facilitation programme (33 Meuro)*

*In order to support actively the development of trade and of the private sector in Jordan, it is necessary to improve transport and trade logistics and procedures. This includes efficient transport, better coordination of trade-related issues and promoting and accepting international standards. Given Jordan's ambition to be regional hub, transport costs must be reduced, the efficiency of transport services improved, and the role, functions and capabilities of Customs enhanced". (CSPNIP2007-2010 p26-28)*

*"Jordan has set up a new institutional structure for private sector development, with the creation of the Jordan Agency for Enterprise Development (JAED), aimed at increasing coordination between enterprise development, export and investment strategies. The SAPP could support JAED's policy formulation and coordination activities, and its relations with JEDCO and the Jordan Investment Board (JIB). The objective is to support the formulation of enterprise policy development and national investment and export promotion strategies." (CSPNIP2007-2010 p35)*

### **Sector Reform Facility (SRF) – Jordan**

*« Measures included within the SRF (40 million euro of EC support) have been divided into two main policy areas. The first, termed "Government Sector Support to Private Sector Development", covers institutional strengthening in the delivery of investment and export promotion services. The second, termed "Improvement of the Business Environment", is related to more direct actions that facilitate private sector development and addresses specific constraints to business. » (FA annexII p5)*

A new Public Sector Reform Strategy (PSRS) was adopted by the government in November 2004 and has received the support of several donors and incorporates four interlinked components:

- Policy and Decision Making;
- Performance Management and Service Delivery Improvement;
- Institutional Strengthening;
- Resource Management.

*« Concentrating on investment promotion and export development, the SRF's component "Institutional Strengthening of Investment and Export Services" is situated within the Public Sector Reform Strategy and adopts its principles. Since the concerned organisations will not be*

*able to carry out the needed work without the financial and human resources, power and remit, the "Institutional Strengthening of Investment and Export Services" address these issues and tackle in particular the need for budgetary support to ensure the sustainability of JAED, JIB, JIEC and JEDC over a number of years. » (FA annexII p6)*

*« Jordan's fiscal reforms for over a decade have aimed at remedying a number of structural weaknesses : dependency on foreign grants (including oil grants), low revenues from direct taxation and inefficient expenditures. Successful reforms have been undertaken in recent years, but revenues from direct taxation (especially corporate taxes) remain low. Further changes are needed to eliminate distortion among the different sectors of the economy, minimises tax evasion, and supports Jordan's competitiveness. Large oil subsidies weigh heavily on budget expenditures. Fiscal reforms are being pursued in the context of the Financial Management Reform Strategy 2004 - 2007 (FMRS).*

*Measures in the compartment « Fiscal Reform and Financial Management Strategy » of the SRF include (i) a study of the tax system, to determine whether it could be simplified by unifying rates ; (ii) the strengthening of the macro-economic framework through the phasing out of oil subsidies, with accompanying measures to mitigate the adverse consequences of increased fuel prices on low-income groups ; and (iii) a reform of the procurement system by the Government from the private sector which should be made more transparent ensuring "value for money" in the procurement of goods and services and fair and efficient processes. » (FA annexII p7)*

*« The compartment « Improvement of the Business Environment » of the SRF includes three chapter :*

- Trade Facilitation,*
- Investment Friendly Environment*
- Access to finance*

*With respect to Trade Facilitation, a number of issues have been identified in the transport sector. The recent publication by the Ministry of Transport of an Action Plan and strategy document goes some way in addressing these issues.*

*In this context, seven measures have been identified in the SRF : (i) revision of the national transport strategy and incorporation of an Action Plan for achieving related national goals for Jordan ; (ii) activation of a trade facilitation/ coordinating mechanism that includes participation of the private sector ; (iii) identifying viable options to improve the capabilities of Amman Marka and Queen Alia Airports to act as a regional air cargo hub in due consultation with the private sector ; (iv) encouraging the deregulation and liberalisation of the road freight transport sector (abolish the "tum system" between individual drivers and trucks and the fixed price of road freight transport) ; (v and vi) adopting a Single Administrative Document and design a « Single Window » to simplify the onerous cross-border procedures faced by exporters and importers ; and (vii) designing an appropriate regulatory framework for multi-modal transport with coordination between stakeholders, including the private sector, who will need to be involved if a coordinated approach is to be successful. » (FA annexII p8-9)*

*« Concerning the Investment-Friendly environment chapter of the SRF, an investment law is needed to improve attractiveness towards investors. Such a law would define the protection offered to the investor (ability to repatriate profits, dispute settlement procedures, etc.). The SRF supports the Government in setting up an effective framework in that sense. The Investment Promotion Law of 1995 was deemed to be out of date. In 2003, six provisional laws were prepared but have not yet been approved and need updating and improvement. The new regime should focus on non-fiscal incentives to encourage business rather than the existing one which concentrates on tax holidays. » (FA annexII p9-10)*

	<p>« The Access to Finance chapter of the SRF intends to address the absence of reliable information exchange on creditors and the lack of a transparent system, discouraging banks from lending to businesses unless they have a long and established relationship. The objective is to establish a responsive and appropriate credit information system. Measures also intend to identifying financial services sector which are lacking or deficient - notably the areas of venture capital, other investment capital, long-term loan finance, capital equipment leasing and securitisation of financial instruments. There is also a measure addressing the need to improve export credit services in order to assist Jordanian exporters in trading with neighbouring countries. » (FA annexII p10)</p> <p><b>EJADA – Jordan:</b>  <i>“The IMP (managed by EJADA) is earmarked a total budget of 40 million euro (later increased by an additional 5 million euro), and consists of the following four components which address the key constraints identified:</i></p> <ul style="list-style-type: none"> <li>- <i>direct non-financial services to SMEs, start-ups and SME support institutions (diagnosing, feasibility studies, financial plans, training courses, etc., by a mix of external/ local experts with a phasing out of the EU expatriate experts) – 4850000 euro;</i></li> <li>- <i>financial support schemes for SMEs and start-ups (establishment of a special guarantee fund to guarantee medium/ long terms loans disbursed by the banking system to SMEs ; the guarantee fund will be created within the Jordan Loan Guarantee Corporation - JLGC) – 12800000 euro;</i></li> <li>- <i>vocational training and Human resource development (technical assistance to training and education providers, improving teaching capacities, etc.) – 3900000 euro;</i></li> </ul> <p><i>institutional strengthening and better co-ordination of initiatives in the field of industrial policy development (technical assistance to strengthen the Ministry of Industry and Trade ; support for the preparation and implementation of a sustainable strategy for the modernisation of the private sector industry in Jordan ; setting up a National Steering Committee for Industry Modernisation). – 1205200 euro”</i>(FA AnnexII p5-10)</p>
<p><b>I-3.2.2</b></p>	<p><b>JORDAN</b></p> <p><b>Sector Reform Facility (SBS) - Jordan</b></p> <p><b>EJADA - Jordan</b></p>
<p><b>JC 3.3</b></p>	<p><b><i>The level at which the Commission intervened (national, regional, supra-regional) was appropriate to meet the specific challenges in terms of PSD</i></b></p>
<p><b>Findings at JC level</b></p>	<p><i>“EJADA’s direct support to SMEs seems to have been allocated to Amman-based enterprises in an even larger proportion (90%) than the weight of Amman in the GDP (85%), which tends to reinforce the imbalance in favour of Amman”.</i> (EvalVol1p46)</p>
<p><b>I-3.3.1</b></p>	<p>Strategy and programming documents show evidence that the intervention level was selected on the basis of a consideration of the challenges being addressed.</p>
<p><b>I-3.3.2</b></p>	<p>Stakeholders consider that the selection of intervention levels made by the Commission across the board of its PSD interventions, has been appropriate to the challenges being addressed</p>
<p><b>I-3.3.3</b></p>	<p>Stakeholders consider that the selection of intervention levels made by the Commission has enabled synergies and cross-fertilisation to develop between countries and regions.</p>
<p><b>I-3.3.1</b></p>	<p><b>JORDAN:</b>  <i>“The EC is supporting regional integration, and especially the Agadir Agreement, signed in</i></p>

	<p>2004 between Morocco, Tunisia, Egypt and Jordan. One of the intended effects is to enable Jordanian-based enterprises to benefit from the Pan-Euro-Med Rules of Origin, seen as a chance to develop exports to the EU.” (EvalVol2p41)</p> <p><b>Sector Reform Facility (SBS) - Jordan</b></p> <p><b>EJADA - Jordan</b></p>
I-3.3.2	<p><b>JORDAN</b></p> <p><b>Sector Reform Facility (SBS) - Jordan</b></p> <p><b>EJADA - Jordan</b></p>
I-3.3.3	<p><b>JORDAN</b></p> <p><b>Sector Reform Facility (SBS) - Jordan</b></p> <p><b>EJADA - Jordan</b></p>
<b>JC 3.4</b>	<p><i>The implementation showed that funding vehicles or aid modalities were appropriate to tackle challenges and to do so efficiently and in synergy with other vehicles</i></p>
<b>Findings at JC level</b>	<p><b>JORDAN:</b></p> <p>Findings from the country mission:</p> <ul style="list-style-type: none"> <li>• <b>Effective and sustainable results in PSD seemingly stronger under EC’s programme-approach vs. SBS in Jordan:</b> <ul style="list-style-type: none"> <li>• <i>Programme-approach (e.g. EJADA):</i> <ul style="list-style-type: none"> <li>• Demonstration effect → highly visible successes of EJADA acted as impetus for PSD in the country (for SMEs, BSOs, Gov, etc.)</li> <li>• Demand-driven TA and non-financial support → state-of-the-art expertise and benchmarks</li> <li>• Evidence of sustainability &amp; ownership of (several) results</li> <li>• Several stakeholders regretted non-continuation of successful EJADA</li> </ul> </li> <li>• <i>SBS (e.g. SRF):</i> <ul style="list-style-type: none"> <li>• Decision for SBS approach originated at EC HQ in compliance with general EU policy / trends / regulations, rather than local effectiveness considerations</li> <li>• Completion of all but one conditions for disbursement</li> <li>• But little evidence of long-standing results and impact                             <ul style="list-style-type: none"> <li>• Relatively vague conditions, focusing on activities vs. results/impact and with lack of follow-up in respect of BS conditions</li> <li>• E.g. Credit Information System condition met, but no credit bureau yet</li> <li>• Evidence of some outputs created just for meeting SBS conditions</li> </ul> </li> </ul> </li> </ul> </li> <li>• <b>EC approach for PSD channelled through public sector.</b></li> </ul>

	<ul style="list-style-type: none"> <li>• B2B approach to PSD insufficiently exploited, although important for trade objective</li> <li>• <b>EC rules &amp; procedures became counter-productive for support to local SMEs</b> <ul style="list-style-type: none"> <li>• No issue reported in early programme (1999 EJADA at the contrary introduced simplified procedures vs. earlier programmes), but SMEs faced many difficulties for later programme-approach interventions (2008 SEED/JUMP II), due to the 2003 Financial Regulation (post-Santer Commission + working through national institutions, no PMUs anymore)</li> <li>• Accountability on process &amp; procedures took overwhelming priority on accountability on results</li> <li>• Lengthy, costly, complex + not in Arabic → <b>counter-productive:</b> <ul style="list-style-type: none"> <li>• refrained SMEs to apply; rejected SME applications for administrative issues; provided support too late; made support received to complex to use; etc.</li> <li>• hampered in particular less sophisticated SMEs (smaller, outside of Amman)</li> </ul> </li> <li>• Current standard template on procedures designed for NGOs etc., no derogations/adaptation to peculiarities of (third country) SMEs</li> </ul> </li> </ul>
<b>I-3.4.1</b>	Evidence provided in reports on the support concerning the appropriateness of instruments/modalities, their efficiency and synergies with other instruments/modalities
<b>I-3.4.2</b>	Stakeholders consider that instruments (specific instruments and/or the set of instruments) were appropriate and enhanced efficiency and synergies
<b>I-3.4.1</b>	<p><b>JORDAN:</b></p> <p><i>“From 1997 to 2000, the EC ran a EUR 7 million pilot project (Business Service Team) which provided advisory services and training to SMEs. The project included the design of the larger EJADA programme, which was launched in 2000 with an allocation of EUR 40 million, subsequently increased to EUR 45 million. The programme ran from 2001 to 2005. Again, it included the design of the next phase, i.e. a sector budget support targeted at SMEs. EJADA comprised a support to SMEs, either direct through advisory services, or indirect through training, incubators, access to seed capital, etc. In financial terms, the main component of the programme was the direct support through advisory services. EJADA was seen as a way “to increase the country’s competitiveness and thus become a real motor of economic growth”. Exports to the EU market were not stated as a formal objective, but it was clearly an expected side effect. EJADA was terminated by mid 2006. In fact, the sustainability of EJADA has been closely considered by the EC. The duration of the programme has been extended by one year in order to leave time for the setting up of Jordanian institution (JUMP), to which the responsibility was subsequently transferred in the framework of the “Sector Reform Facility”, a EUR 40 million sector budget support.” (EvalVol2p76-77)</i></p> <p><i>“The move from EJADA to the sector budget support programme remains difficult since activities</i></p>



	<p><i>are being taken over by several different institutions, most of them in the process of being reformed or even created from scratch. The accumulated knowledge and institutional memory is partly evaporating. It must however be acknowledged that the evaluation team has not observed any actual inefficiency resulting from this difficult transition process.</i>" (EvalVol1p36)</p> <p><i>"In terms of support to SME, the transfer of EC's responsibilities (EJADA) to the Government (Sector Reform Facility) can be understood as a step towards a more efficient system. The former EJADA activities have therefore been transferred to a newly created institution (JUMP). This transfer is however a complex story, since Governmental institutions dealing with private sector development are subject to an in-depth restructuring, with the creation of an industrial development agency.</i></p> <p><i>The former EJADA activities, which were managed by a small efficient task force, are being taken over by several distinct institutions, most of them being reformed or even created from scratch., with the consequence that the accumulated knowledge and institutional memory is partly evaporating. It must however be acknowledged that the evaluation team has not observed any actual inefficiency resulting from this difficult transition process.</i>" (EvalVol2p79-80)</p> <p><i>"The overall efficiency is due to the timely articulation of the three instruments (pilot project BST, large-scale project EJADA, and sector budget support SRF), much more than to their intrinsic merits."</i>(EvalVol2p82)</p> <p><i>"EC support to SMEs is a showcase of joint policy development. It has led to the establishment of a private-sector development policy which is now fully managed and owned by the Government, and partly funded by the EC through sector budget support. It took ten years from the initial pilot project to the full transfer of the policy to the Government."</i> (EvalVol1p36)</p> <p><i>"Different capacity-building operations have been provided through the SAAP (the Programme to Support the Implementation of the Association Agreement), a flexible and demand-driven programme. In this context, a number of twinning arrangements between Jordanian and EU institutions have been concluded in the fields of: standards and certification, veterinary and phytosanitary inspection services, customs, trade-policy capacity building, etc. The flexibility of such programmes and the relevance of twinning operations are generally appreciated by the Jordanian authorities. This kind of operation could be now extended to all the different priorities of the Action Plan."</i> (CSPNIP2007-2010 p14)</p>
	<p><b>Sector Reform Facility (SBS) - Jordan</b></p>
	<p><b>EJADA – Jordan:</b></p> <p><i>"Without a doubt the project EJADA has delivered services and outcomes that are of a very high quality, of considerable relevance to the needs of industrial modernisation in Jordan and has, in effect surpassed expectations."</i> (MR10206.04)</p>
<p><b>I-3.4.2</b></p>	<p><b>JORDAN</b></p> <p><b>Sector Reform Facility (SBS) - Jordan</b></p> <p><b>EJADA - Jordan</b></p>
<p><b>JC 3.5</b></p>	<p><b><i>Projects were implemented in line with planning, both in terms of timeliness and costs</i></b></p>
<p><b>Findings at JC</b></p>	<p><b>JORDAN</b></p>

level	As mentioned under JC 3.4, country mission evidence suggests that EC rules & procedures became counter-productive for support to local SMEs
I-3.5.1	Stakeholders consider that timing and planning do fit requirements of private sector actors
I-3.5.2	Evidence provided in reports on the extent to which planned timing and costs were respected
I-3.5.3	Views of stakeholders on the extent to which planned timing and costs were respected
I-3.5.4	Factors having enhanced or hampered the respect of planning in terms of time and costs as displayed in reports and invoked by stakeholders
I-3.5.1	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
I-3.5.2	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) – Jordan</b>
	<b>EJADA – Jordan:</b> <i>“The availability of funds and other resources, such as TA, were generally on time.”</i> (MR10206.04)  <i>“A new TA contract was awarded to the Contractor for an additional budget of 5 million euro and an extended project period of one year (July 2005- July 2006).”</i> (MR10206.02)
I-3.5.3	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
I-3.5.4	<b>JORDAN:</b> <i>“As seen above, beneficiary SMEs of the BST programme, followed by EJADA programme have repaid from 10 to 20% of the cost of the services, which means that the subsidy rate has been between 80% and 90%, whilst the initially planned rate was 75%.  The evaluation team understands that the subsidy rate had to be increased in the first years of EJADA in order to attract a critical mass of enterprises into the programme. It can be assumed that this financial effort has been made even more necessary by the fact that donors were running somewhat competing schemes by these times.  The subsidy rate was subsequently reduced to 80%, and an issue is whether it could have been reduced again subsequently. This would have reduced the cost automatically, but possibly at the expense of effectiveness.  There are signs that the 80% subsidy rate was conditional for the success of the programme. On the contrary, there is evidence that SMEs would have been ready to seek advice at a cost closer to market prices.  The evaluation team understands that the subsidy rate had to be high in the first years of the programme, and that it has been reduced as soon as possible. However, no further reduction has taken place since 2004 whilst there are signs that this would have been possible, at least for some beneficiaries.”</i> (EvalVol2p82)

	<p><i>“Impacts have been achieved at a cost which could have been only marginally lower. The overall efficiency is due to the timely articulation of the three instruments (pilot project BST, large-scale project EJADA, and sector budget support SRF), much more than to their intrinsic merits. Some competition between donors has occurred, and may have resulted in some extra cost required to attract a critical mass of enterprises into the EJADA project.”(EvalVol2p82)</i></p> <p><i>“The 10 years process of support to SMEs (BST followed by EJADA followed by SRF) could not have been much faster because it takes several years for a consultant to become a credible adviser and for local consultancy firms to become sustainable.” (EvalVol2p84)</i></p>
	<p><b>Sector Reform Facility (SBS) - Jordan</b></p>
	<p><b>EJADA – Jordan:</b></p> <p><i>“The effectiveness is sporadically affected by lengthy procedures and sometimes a bottleneck in the EC Delegation within the overall procurement procedures for (numerous) service contracts (in particular mobilisation of short term expertise for business advice to SMEs).” (MR10206.01)</i></p>

EQ 4	To what extent did the Commission contribute to make the institutional and regulatory framework more conducive to PSD?
Other relevant information (not captured elsewhere)	
<i>JC 4.1</i>	<i>The Commission support was geared to tackling the main institutional and regulatory obstacles to PSD</i>
Findings at JC level	<p><b>JORDAN</b></p> <p>In the analysed documents at the country level, issues relating to institutional and regulatory framework are addressed from the ex-post point of view of achievements and results, more than from the ex-ante point of view. But answers to J.C. 4.2, 4.3 and 4.4 tend to show that the Commission support was geared to tackling the main institutional and regulatory obstacles to PSD.</p> <p>The numerous interviews conducted during the country mission also suggest that the EC tackled important institutional and regulatory obstacles to PSD in Jordan. And in principle institutional and regulatory reforms stand out for their sustainability effects.</p>
I-4.1.1	Identification of the main obstacles to PSD in terms of macro-economic environment and institutional and regulatory framework in the country/region in official documents /studies (national strategies or other documents/studies), including both the domestic environment and obstacles to the integration in regional and world economies
I-4.1.2	Commission strategy and programming documents refer to the obstacles mentioned in I-4.1.1 and gear the support to the removal of these obstacles (or justify alternative approaches)
I-4.1.3	The private sector was consulted for determining the priorities for helping remove the main institutional and regulatory obstacles to PSD
I-4.1.4	Stakeholders, and in particular the private sector, consider that Commission support was geared towards priorities for helping remove the main institutional and regulatory obstacles to PSD
I-4.1.5	Number of technical and economic analyses/fora covering major strengths and weaknesses of the private sector in third countries conducted with Commission support or, in the case of pre-existing studies and fora, utilised by the Commission in developing PSD activities targeting regulatory and institutional frameworks.
I-4.1.1	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
I-4.1.2	<b>JORDAN</b>
	<p><b>Sector Reform Facility (SBS) – Jordan</b></p> <p><i>« While prime responsibility for the private sector lies with the Ministry of Industry and Trade, various governmental organisations fulfil specific functions. To address greater coordination and</i></p>

	<p><i>coherence, a new umbrella organisation, the Jordan Authority for Enterprise Development (JAED), has been set-up within the responsibility of the Ministry of Industry and Trade. This new agency will have a crucial role in defining policies, setting key performance indicators and monitoring results. » (FA annexII p5)</i></p> <p><i>« Measures included within the SRF have been divided into two main policy areas. The first, termed "Government Sector Support to Private Sector Development", covers institutional strengthening in the delivery of investment and export promotion services. The second, termed "Improvement of the Business Environment", is related to more direct actions that facilitate private sector development and addresses specific constraints to business. » (FA annexII p5)</i></p> <p><i>« A new Public Sector Reform Strategy (PSRS) was adopted by the government in November 2004 and has received the support of several donors and incorporates four interlinked components:</i></p> <ul style="list-style-type: none"> <li><i>• Policy and Decision Making;</i></li> <li><i>• Performance Management and Service Delivery Improvement;</i></li> <li><i>• Institutional Strengthening;</i></li> <li><i>• Resource Management.</i></li> </ul> <p><i>Concentrating on investment promotion and export development, the SRF's component "Institutional Strengthening of Investment and Export Services" is situated within the Public Sector Reform Strategy and adopts its principles. Since the concerned organisations will not be able to carry out the needed work without the financial and human resources, power and remit, the "Institutional Strengthening of Investment and Export Services" address these issues and tackle in particular the need for budgetary support to ensure the sustainability of JAED, JIB, JIEC and JEDC over a number of years. » (FA annexII p6)</i></p> <p><i>« Jordan's fiscal reforms for over a decade have aimed at remedying a number of structural weaknesses : dependency on foreign grants (including oil grants), low revenues from direct taxation and inefficient expenditures. Successful reforms have been undertaken in recent years, but revenues from direct taxation (especially corporate taxes) remain low. Further changes are needed to eliminate distortion among the different sectors of the economy, minimises tax evasion, and supports Jordan's competitiveness. Large oil subsidies weigh heavily on budget expenditures. Fiscal reforms are being pursued in the context of the Financial Management Reform Strategy 2004 - 2007 (FMRS).</i></p> <p><i>Measures in the compartment « Fiscal Reform and Financial Management Strategy » of the SRF include (i) a study of the tax system, to determine whether it could be simplified by unifying rates ; (ii) the strengthening of the macro-economic framework through the phasing out of oil subsidies, with accompanying measures to mitigate the adverse consequences of increased fuel prices on low-income groups ; and (iii) a reform of the procurement system by the Government from the private sector which should be made more transparent ensuring "value for money" in the procurement of goods and services and fair and efficient processes. » (FA annexII p7)</i></p> <p><b>EJADA – Jordan:</b></p> <p><i>“Over recent years Jordan has introduced a comprehensive programme of economic structural reform. As a result, the legal framework is generally conducive to industrial development. However, Jordanian public institutions have not yet fully adapted to their new roles in the context of an open economy. Modernisation and institutional strengthening is necessary to ensure that public institutions dealing with SMEs create an enabling environment for the private sector, monitor the implementation of new laws and their impact on industry development. Key institutions in this respect are the Ministry of Industry and Trade and Ministry of Planning. Jordan does not have an overall integrated industrial development policy.” (FA AnnexII p4)</i></p>
<p><b>I-4.1.3</b></p>	<p><b>JORDAN</b></p>

	<p><b>Sector Reform Facility (SBS) - Jordan</b></p> <p><i>« The compartment « Improvement of the Business Environment » of the SRF includes three chapter :</i></p> <ul style="list-style-type: none"> <li>- Trade Facilitation,</li> <li>- Investment Friendly Environment</li> <li>- Access to finance</li> </ul> <p><i>With respect to Trade Facilitation, a number of issues have been identified in the transport sector. The recent publication by the Ministry of Transport of an Action Plan and strategy document goes some way in addressing these issues.</i></p> <p><i>In this context, seven measures have been identified in the SRF : (i) revision of the national transport strategy and incorporation of an Action Plan for achieving related national goals for Jordan ; (ii) activation of a trade facilitation/ coordinating mechanism that includes participation of the private sector ; (iii) identifying viable options to improve the capabilities of Amman Marka and Queen Alia Airports to act as a regional air cargo hub in due consultation with the private sector ; (iv) encouraging the deregulation and liberalisation of the road freight transport sector (abolish the "tum system" between individual drivers and trucks and the fixed price of road freight transport) ; (v and vi) adopting a Single Administrative Document and design a « Single Window » to simplify the onerous cross-border procedures faced by exporters and importers ; and (vii) designing an appropriate regulatory framework for multi-modal transport with coordination between stakeholders, including the private sector, who will need to be involved if a coordinated approach is to be successful. » (FA annexII p8-9)</i></p> <p><i>« The role of the private sector and its collective business "voice" in its relationship with government needs to develop further in order to be more effective. » (FA annexII p4)</i></p>
	<b>EJADA - Jordan</b>
I-4.1.4	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
I-4.1.5	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>JC 4.2</b>	<b><i>The Commission has had strong policy dialogue on the institutional and regulatory frameworks</i></b>
<b>Findings at JC level</b>	•
<b>I-4.2.1</b>	Number, level and depth of contacts with public authorities
<b>I-4.2.2</b>	Number, level and depth of contacts with other policy actors (e.g. business associations, non-state actors, IMF/WB, other donors)
<b>I-4.2.3</b>	Evidence exists of Commission leadership in or contribution to dialogue with policy actors
<b>I-4.2.4</b>	Evidence exists of Commission contribution to private-public dialogue
<b>I-4.2.1</b>	<b>JORDAN:</b>

	<p><i>“Trade related issues are discussed with the Jordan Government at three levels: annual meetings of the EU-Jordan Association Council (Ministry of Foreign Affairs), annual meetings of the Association Committee (MoPIC), and two-yearly meetings of the Trade Sub-Committee. Private sector development has been extensively discussed between the EC and the Government in the framework of the transfer of EJADA activities into a sector budget support.” (EvalVol2p34)</i></p> <p><i>“Two Ministries are mainly involved in the policy dialogue: MoPIC and Ministry of Industry and Trade (MIT), the first having “a larger competency and a stronger capacity”, something which is considered as “quite unusual” (Interview EC). The MIT benefits from a capacity building project funded under SAAP I.”(EvalVol2p35)</i></p>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>I-4.2.2</b>	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>I-4.2.3</b>	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA – Jordan:</b> <i>“EJADA’s exit strategy was initiated at the early stages with the Steering Committee and MoP playing an integral role in facilitating a smooth transition to JUMP thereby demonstrating Jordan’s commitment to a sustainable programme.” (MR10206.03)</i>
<b>I-4.2.4</b>	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>JC 4.3</b>	<b><i>The institutional and regulatory frameworks have been strengthened</i></b>
<b>Findings at JC level</b>	<p><b>JORDAN:</b> Evidence from the country mission suggest the following:</p> <ul style="list-style-type: none"> <li>• Institutional build-up <ul style="list-style-type: none"> <li>• EC strengthened several national BSOs (public sector JEDCO and JIB, and several PS BSOs)</li> <li>• But Chambers of Commerce and Industry with general coverage were missed</li> <li>• EC contributed to the establishment of Competition Directorate (with TA)</li> <li>• EC contributed to capacity-building of Ministry of Industry &amp; Trade</li> </ul> </li> <li>• <b>Policy and regulatory reforms/improvements:</b> <ul style="list-style-type: none"> <li>• EC addressed financial infrastructure: introduction of credit bureau (although no one exist as of today)</li> <li>• EC contributed to drafting laws and strategies: e.g.:</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>• Competition Law (under EJADA),</li> <li>• Investment Promotion Law (expected in 2012)</li> <li>• National SME Strategy (currently being prepared)</li> <li>• But unclear whether EC addressed company registration process (as envisaged)</li> </ul> <p>Progress was obtained through both technical support (TA) and policy dialogue (EU Delegation)</p>
I-4.3.1	Reports / stakeholders show that new laws and regulations have been issued and are enforced
I-4.3.2	Reports / stakeholders show that required institutions have been created or developed and are operational
I-4.3.3	Evidence exists of Commission role in strengthening of institutional and regulatory frameworks
I-4.3.4	Stakeholders consider that Commission interventions have maximised local government commitment by ensuring they are in line with the government's own agenda, consulting with relevant stakeholders and proposing reforms at the local or sub-national level.
I-4.3.1	<p><b>JORDAN:</b></p> <p><i>“Impacts have been disappointing in the trade sector, but successful as regards economic stability. The EC has contributed to a trend of beneficial economic policy reforms dating back to the late 1980s and consisting in reducing State subsidies, increasing tax revenues, privatising loss-making State companies, and strengthening public finance management. These reforms have been passed and applied. They can be connected to improvements in the country’s performance in areas like tax revenue, public debt, growth, and income poverty.” (EvalVol1pii)</i></p> <p><b>Sector Reform Facility (SBS) - Jordan</b></p> <p><b>EJADA – Jordan:</b></p> <p><i>“EJADA has been instrumental in improving the legislative environment for SMEs working closely with the Ministry of Industry and Trade and the Ministry of Planning. It has been involved with the MIT in drafting economic legislation and the ratification of the Competition Law which will have a significant impact on the Jordanian economy.” (MR10206.02)</i></p>
I-4.3.2	<p><b>JORDAN:</b></p> <p><i>“EC support to SMEs is a showcase of joint policy development. It has led to the establishment of a private-sector development policy which is now fully managed and owned by the Government, and partly funded by the EC through sector budget support. It took ten years.” (EvalVol2p84)</i></p> <p><i>“In support to SMEs, the policy development process has been implemented but has faced repeated difficulties in the transfer of EC responsibilities to Jordanian institutions. A pending question is how to maintain the acquired knowledge and some institutional memory during a long enough time after this transfer.” (EvalVol1pii)</i></p> <p><i>“Better management of the transfer of knowledge to Governmental institutions is needed. Difficulties are encountered in transferring the experience accumulated through EC projects and programmes to Governmental institutions managing sector budget support programmes. This “knowledge management” problem is a difficult one in the sense that accumulated experience has</i></p>



	<p><i>to be transferred across institutions in a fast-changing context, and not within a stable organisation. This problem was observed in the case of EJADA.” (EvalVol1piii)</i></p> <p><i>“In EJADA, the evaluation team understands that a part of the accumulated experience and knowledge is being lost during the shift from project / programmes to sector budget support. This problem has been observed despite joint efforts by the EC and the Government to manage the transition process. The process of transferring knowledge from EC projects to the Government is therefore to be recognised as complex and not yet fully mastered.</i></p> <p><i>There are many reasons for the encountered difficulties, of which the following need to be highlighted:</i></p> <p><i>Knowledge has to be transferred from the project/programme managers who leave at the end of the project, to Government officers who are not immediately recruited<sup>51</sup>.</i></p> <p><i>Practices that have been developed in the institutional context of the EC have to be adapted to the institutional context of the Government</i></p> <p><i>Jordanian institutions have to be adapted or even reformed, in order to take over the activity.” (EvalVol1p48)</i></p>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<p><b>EJADA – Jordan:</b></p> <p><i>“The only internal design element that has not been retained in the OWP is the initially proposed creation of a National Steering Committee for Industrial Modernization.” (MR10206.01)</i></p> <p><i>“What the project and its successors have achieved is to provide a series of institutions that can be accessed by the Jordanian industrial and commercial sectors, that provide and widen the availability of information, support and advice to SMEs.” (MR10206.04)</i></p>
<b>I-4.3.3</b>	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<p><b>EJADA – Jordan:</b></p> <p><i>“The current GoJ policies for industrial modernisation are all supported by the EJADA project’s interventions and in the services provided by the JUMP successor institutions. This is a testament to the successful initial design and to the adaptation of the project throughout its life, with Jordanian institutions now well prepared for the delivery of these services.” (MR10206.04)</i></p>
<b>I-4.3.4</b>	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>JC 4.4</b>	<b><i>The strengthening of the institutional and regulatory framework has contributed to the creation, better functioning and growth of enterprises</i></b>
<b>Findings at JC level</b>	<p><b>JORDAN:</b></p> <p>It appeared from the country mission that no comprehensive survey exists yet on impact of institutional and regulatory reforms on the creation, better functioning and growth of enterprises attributable to EC support. However, WB 2012 Doing Business is relatively positive overall: “Jordan is another Arab economy that has made substantial progress toward the frontier. Since 2005 it has implemented 14 regulatory reforms in areas covered by Doing Business”</p>
<b>I-4.4.1</b>	<b>Evidence that enterprises have benefited from an improved framework and</b>

	environment
I-4.4.1	<p><b>JORDAN:</b>  <i>“Impacts have been disappointing in the trade sector, but successful as regards economic stability. The analysis of strategy documents shows that very high expectations were put on trade liberalisation and export-based development. In relation to these key objectives, Jordanian industrial products have gained an access to the European Union (EU) market free of tariffs and quotas, and a critical mass of export-oriented industrial SMEs have been supported. The corresponding achievements are assessed as positive but modest. Jordanian exports to the EU are well diversified but slow growing in comparison to other markets, and no breakthrough has been observed in the supported SMEs’ exports to the EU.” (EvalVol1pii)</i></p> <p><b>Sector Reform Facility (SBS) - Jordan</b></p> <p><b>EJADA – Jordan:</b>  <i>“What the project and its successors have achieved is to provide a series of institutions that can be accessed by the Jordanian industrial and commercial sectors, that provide and widen the availability of information, support and advice to SMEs.” (MR10206.04)</i></p>

<b>EQ 5</b>	<b>To what extent did the Commission contribute to improve access to finance by enterprises?</b>
<b>Other relevant information (not captured elsewhere)</b>	
<b>JC 5.1</b>	<i>The Commission's support was informed by an analysis of the country/region's main constraints in terms of access to finance for enterprises (whether they were primarily on the demand or on the supply side or both)</i>
<b>Findings at JC level</b>	<p><b>JORDAN:</b>  <b>Findings from the country mission:</b></p> <ul style="list-style-type: none"> <li>• <b>Banks' reluctance to take SME risks is unusually pronounced in Jordan</b> <ul style="list-style-type: none"> <li>• Difficulties in addressing this issue in EJADA's design, reportedly → no strong A2F approach</li> </ul> </li> <li>• <b>Short review of A2F needs in EC preparation documents, but no evidence of comprehensive needs diagnostic</b> <ul style="list-style-type: none"> <li>• EC dialogue with financial institutions appears very limited</li> <li>• Little evidence of thorough consultation and involvement of private sector (financial and sector and industry) in defining EC strategy and interventions</li> </ul> </li> <li>• <b>Several EC actions relating to A2F in EC cooperation, although no global strategic approach</b>, in terms of fields covered and sequence <ul style="list-style-type: none"> <li>• Some A2F constraints addressed in two large successive programmes (EJADA and SRF), but with shortcomings in logical sequencing <ul style="list-style-type: none"> <li>• E.g. Supporting infrastructure such as credit bureaux should have preceded (and not come after) risk-mitigating mechanisms such as guarantee funds</li> <li>• EC services to SMEs in formulating business plans helped SMEs submitting bankable proposals, although no clear analysis of this was found.</li> </ul> </li> </ul> </li> </ul>
<b>I-5.1.1</b>	Existence of documented analysis of the countries'/regions main constraints in terms of access to finance (demand and supply side)
<b>I-5.1.2</b>	In its strategy/programming documents the Commission refers to these analyses
<b>I-5.1.3</b>	Stakeholders, in particular from the private sector, consider that the constraints identified are the right ones
<b>I-5.1.3</b>	The Commission support was geared towards tackling the constraints identified in these analyses
<b>I-5.1.5</b>	Number of Commission interventions in the area of access to finance that have been conducted in cooperation with other financial institutions
<b>I-5.1.1</b>	<b>JORDAN:</b>

	<p><i>“The finance and banking sector is largely sound and well regulated. However, the financial services sector has not developed the range of products and services appropriate for an expanding private sector economy, although increasing competition in the banking sector is promoting greater change. The banking sector is characterised by conservatism, high liquidity and market fragmentation. Access to finance for start-ups and small companies is difficult, with an emphasis on asset-based loans, often with restrictive collateral requirements. There is no effective venture capital industry in Jordan and long-term finance for companies is relatively difficult to obtain.”</i> (CSPNIP2007-2010 p8-9)</p>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>I-5.1.2</b>	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) – Jordan</b>
	<i>« The lack of finance for the business sector is consistently noted as one of the major constraints to development of the private sector. Financial intermediaries offering equity participation, long term finance and credit insurance lack experience, are small-scale, are not well organised and lack promotion capabilities. The banking sector is characterised by conservatism. The presence in a country of financial products that enable foreign or expatriate Jordanian investors to reduce both foreign currency equity inputs and loans can be vital incentives. »</i> (FA annexII p4)
	<b>EJADA – Jordan:</b>
	<i>“The financial sector in Jordan, although well developed in general, makes little provision for the needs of SMEs. Problems stem from regional instability, Jordan’s conservative monetary policy, and very high levels of real interest rates. Jordanian commercial banks - as banks in many other Mediterranean countries - traditionally have a risk-averse attitude towards SMEs. Finally, there is a lack of medium- and long-term financial resources in the banking system. At present, only the Industrial Development Bank (IDB), as a specialised financial institution, provides loans with longer duration and venture capital to industry. However, the quality of these services needs to be improved.”</i> (FA AnnexII p3-4)
<b>I-5.1.3</b>	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>I-5.1.4</b>	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>I-5.1.5</b>	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>JC 5.2</b>	<b><i>At the macro-level, the Commission has addressed the constraints in the business environment for larger enterprises and MSMEs to develop</i></b>
<b>Findings at JC level</b>	
<b>I-5.2.1</b>	Steps were taken to facilitate the creation of formal enterprises, through accessible procedures of registration

<b>I-5.2.2</b>	The Commission has supported the regulatory environment of financial intermediaries to facilitate their lending to, and/or investment in, MSMEs
<b>I-5.2.1</b>	<b>JORDAN:</b> No specific information found.
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>I-5.2.2</b>	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) – Jordan</b> <i>« The Access to Finance chapter of the SRF intends to address the absence of reliable information exchange on creditors and the lack of a transparent system, discouraging banks from lending to businesses unless they have a long and established relationship. The objective is to establish a responsive and appropriate credit information system. Measures also intend to identifying financial services sector which are lacking or deficient - notably the areas of venture capital, other investment capital, long-term loan finance, capital equipment leasing and securitisation of financial instruments. There is also a measure addressing the need to improve export credit services in order to assist Jordanian exporters in trading with neighbouring countries. » (FA annexII p10)</i>
	<b>EJADA - Jordan</b>

<b>JC 5.3</b>	<b><i>Support targeted enterprises that were facing difficulties in obtaining financial products and services</i></b>
<b>Findings at JC level</b>	
<b>I-5.3.1</b>	The Commission had a specific approach to identify those enterprises that were facing difficulties in obtaining loan and investment funding
<b>I-5.3.2</b>	The Commission identified the specific constraints these enterprises were facing
<b>I-5.3.3</b>	The Commission support was geared to these enterprises and aimed at tackling their specific constraints, including specifically for MSMEs (core constraints of lack of capitalisation and lack of collateral)
<b>I-5.3.1</b>	<b>JORDAN:</b> No specific information found.
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>I-5.3.2</b>	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>I-5.3.3</b>	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>JC 5.4</b>	<b><i>At the meso-level, the Commission has supported the intermediary organisations supporting enterprises (large and MSMEs)</i></b>
<b>Findings at JC level</b>	
<b>I-5.4.1</b>	Stakeholders consider that the Commission has selected those private sector representative organisations that have a real impact
<b>I-5.4.2</b>	Intermediary Organisations supported by the Commission have, during the period of support, implemented activities designed to increase capacity of private sector enterprises to obtain funding from bank or non-banking institutions
<b>I-5.4.1</b>	<b>JORDAN:</b> No specific information found.
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>I-5.4.2</b>	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>

<b>JC 5.5</b>	<b><i>The ability of enterprises to obtain financial products and services has been strengthened</i></b>
<b>Findings at JC level</b>	<p><b>JORDAN:</b> Stakeholders views and evidence collected during the country mission suggests that A2F support hasn't been very effective overall:</p> <ul style="list-style-type: none"> <li>• <b>Little result of EC support in A2F in terms of:</b> <ul style="list-style-type: none"> <li>• <b>credit bureaux</b> (no one established yet)</li> <li>• <b>banks (departments) for SMEs</b> (reportedly no single bank targeting SMEs)</li> <li>• <b>export credit services</b> (not established yet)</li> <li>• <b>loan guarantees:</b> some evidence, though limited, that (top-end) SMEs have obtained loans due to the guarantee scheme, that would otherwise have not materialised</li> <li>• <b>But positive results expected from EC/EIB venture capital activities</b></li> </ul> </li> <li>• <b>Little impact: A2F remains a key concern for SMEs in the country</b> <ul style="list-style-type: none"> <li>• Reported by studies and several types of interlocutors</li> <li>• E.g. Jordan in WB Doing Business 2012 report: "Getting credit" : 150<sup>th</sup>/183 countries (vs. Jordan average for "Ease of doing business": 96<sup>th</sup>/183)</li> </ul> </li> </ul>
<b>I-5.5.1</b>	Improvements in enterprises' capacities to submit bankable dossiers and evidence provided in this respect
<b>I-5.5.2</b>	Improvements in enterprises' accounting practices and evidence provided in this respect
<b>I-5.5.3</b>	Improvements in dealing with enterprises' lack of capitalisation (e.g. through seed money, venture capital) and lack of collateral (e.g. guarantee schemes) and evidence provided in this respect
<b>I-5.5.1</b>	<p><b>JORDAN:</b> No specific information found.</p> <p><b>Sector Reform Facility (SBS) - Jordan</b></p> <p><b>EJADA - Jordan</b></p>
<b>I-5.5.2</b>	<p><b>JORDAN</b></p> <p><b>Sector Reform Facility (SBS) - Jordan</b></p> <p><b>EJADA - Jordan</b></p>
<b>I-5.5.3</b>	<p><b>JORDAN</b></p> <p><b>Sector Reform Facility (SBS) - Jordan</b></p> <p><b>EJADA – Jordan:</b> <i>"The Jordanian business community, especially the medium-sized entrepreneurs, have needed both information and planning for the development of their enterprises and access to affordable financing – the EJADA project has provided both, and the successor institutions JUMP continue to do so."</i> (MR10206.04)</p>

	<i>"The project reached over 750 SMEs which is a major part of the Jordanian SME sector; 122 enterprises used the services of the JLGCC (Jordan Loan Guarantee Corporation) and more banks are signing-up to working with SMEs."</i> (MR10206.04)
<b>JC 5.6</b>	<b><i>Supported financial institutions have improved their ability to mobilise funding and/or act as intermediaries</i></b>
<b>Findings at JC level</b>	
<b>I-5.6.1</b>	Commission strategy and programming documents foresee support for the mobilisation of private funding sources including private savings
<b>I-5.6.2</b>	Commission strategy and programming documents foresee support for more efficient financial markets
<b>I-5.6.3</b>	Central Bank monitoring data show an increase and diversification of private funding sources including private savings
<b>I-5.6.4</b>	Stakeholders consider there is a linkage between the observed evolutions in funding mobilisation and the Commission's support
<b>I-5.6.5</b>	Local financial institutions have improved their mobilisation and intermediation to effectively channel resources and adapt financial services/products to the needs of local enterprises and notably of MSMEs
<b>I-5.6.1</b>	<b>JORDAN:</b> No specific information found.
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>I-5.6.2</b>	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>I-5.6.3</b>	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>I-5.6.4</b>	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>I-5.6.5</b>	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA – Jordan:</b> <i>"Bringing the banking sector into the delivery of banking services to the SMEs, through its links with the Jordan Loan Guarantee Corporation (JLGCC), has been a positive outcome of the project, although there is still some degree of caution being shown by the sector."</i> (MR10206.04)



	<p><i>"Thanks to the project the banking sector is more aware of the needs of SMEs and more willing to invest in them, thus providing much needed additional financial support to the entrepreneur."</i> (MR10206.04)</p> <p><i>"The Venture Fund (one of the tools in the financial support scheme to SMEs) did not get off the ground and this budget was allocated to the project extension to support JUMP"</i>(MR10206.04)</p>
<b>JC 5.7</b>	<b><i>Among MSMEs, the Commission has addressed the constraints of micro-enterprises</i></b>
<b>Findings at JC level</b>	
<b>I-5.7.1</b>	The Commission has analysed the specific problems of micro-enterprises in countries of intervention
<b>I-5.7.2</b>	The Commission has addressed the capacity problems of micro-enterprises in terms of submitting bankable financing requests to financial intermediaries
<b>I-5.7.3</b>	The Commission has addressed the capacity problems of micro-enterprises in terms of management capacity, accounting, and transparency
<b>I-5.7.4</b>	Evidence that MSMEs have improved their access to finance and role of the Commission support in this respect
<b>I-5.7.1</b>	<p><b>JORDAN:</b> No specific information found.</p> <p><b>Sector Reform Facility (SBS) - Jordan</b></p> <p><b>EJADA - Jordan</b></p>
<b>I-5.7.2</b>	<p><b>JORDAN</b></p> <p><b>Sector Reform Facility (SBS) - Jordan</b></p> <p><b>EJADA - Jordan</b></p>
<b>I-5.7.3</b>	<p><b>JORDAN</b></p> <p><b>Sector Reform Facility (SBS) - Jordan</b></p> <p><b>EJADA - Jordan</b></p>
<b>I-5.7.4</b>	<p><b>JORDAN</b></p> <p><b>Sector Reform Facility (SBS) - Jordan</b></p> <p><b>EJADA – Jordan:</b> <i>"Assistance to the small entrepreneur, anywhere in the world, is difficult, requiring available micro-credit and differently tailored assistance - it is the medium-sized enterprises that have benefited most from the project's services and will continue to benefit from the services of the successor institutions."</i> (MR10206.04)</p> <p><i>"Different support mechanisms for the small and micro entrepreneur are required and should be investigated by JE so that all levels of business can receive the requisite support."</i> (MR10206.04)</p>

<p><b>EQ 6</b></p>	<p><b>To what extent did the Commission contribute to a better ability of enterprises, in particular SMEs, to compete and to access technology and new markets?</b></p>
<p><b>Other relevant information (not captured elsewhere)</b></p>	<p><b>JORDAN:</b>  Evidence from the country mission suggests the following:</p> <ul style="list-style-type: none"> <li>• <b>Enterprises' competitiveness was the heart of the Commission's support to PSD to Jordan</b>, in the context of trade liberalisation (cf. AA)</li> <li>• <b>Little evidence of a comprehensive analysis of SME preparedness to trade liberalisation</b>, except for a few ad hoc studies</li> <li>• <b>Direct financial + non-financial support to SMEs considered very useful for upgrading SMEs</b> <ul style="list-style-type: none"> <li>• E.g. TA, vocational training, etc. for capacity-building</li> <li>• E.g. Direct grants to SMES (SEEP) considered particularly useful for upgrading</li> <li>• E.g. Jordan's accession to EU-Mediterranean Charter for Enterprise</li> <li>• <b>But B2B approach not sufficiently exploited</b>, which would focus on final PSD-Trade objectives (e.g. exports and FDI) – incl. twinning, sectoral clusters, etc.</li> </ul> </li> <li>• <b>Key BSOs supported/used are now considered effective in the country</b> (e.g. JEDCO, EJABI, smaller BSOs – but Chambers of industry/commerce missed)</li> <li>• <b>Several indications that SME exports increased (to US, Arab c.), but not to EU</b> <ul style="list-style-type: none"> <li>• Major obstacles reported: EU rules of origin + technical standards &amp; specifications</li> </ul> </li> </ul> <p>This latter point is confirmed to some extent in the evaluation of EC support to Jordan:  <i>"EU tariffs and quantitative restrictions have been considerably reduced. The average tariff on agricultural and non-agricultural products has decreased. Industrial products originating from Jordan are imported into the EU free of customs duties and charges. The EU has removed the quota imposed on agricultural product. But in terms of trade and development policies in Jordan, the challenge is increasingly seen to be on technical barriers at the entry of the EU market."</i>  (EvalVol2p32)</p> <p><i>"The EC has targeted SMEs of the manufacturing sector, i.e. the most likely to be affected by the opening of the EU market. This sector represents 15% of the total number of establishments in Jordan, and 26% of employees. This is the second largest employer in the country after wholesale and retail. The manufacturing sector is largely small scale, with 84% of the companies having between one and four employees. BST and EJADA have reached about 200 SMEs, which is a significant proportion of the targeted enterprises."</i> (EvalVol2p80)</p>
<p><b>JC 6.1</b></p>	<p><b>The Commission's support to enterprise competitiveness was targeted on the basis of an analysis of the main shortcomings of enterprises in terms of competitiveness</b></p>
<p><b>Findings at JC level</b></p>	<p><i>"From 2000 to 2004, the EJADA programme provided advisory services to Jordanian enterprises with an aim to improve their competitiveness. The development of exports, including exports to the EU, was an expected side effect rather than the purpose of the project. A small</i></p>

	<p><i>component of the programme (EJEP) was more precisely targeted at supporting exports to the EU.” (EvalVol2p33)</i></p> <p><i>“But in terms of trade and development policies in Jordan, the challenge is increasingly seen to be on technical barriers at the entry of the EU market. (EvalVol2p32) And there are expectations that the EU “helps more in the field of standards and access to the EU market” (cross-checked interviews EC / Government).” (EvalVol2p35)</i></p> <p><i>“The EC has launched a series of interventions aimed at matching the technical requirements applying on the EU market. In 2005, several actions were launched within the SAAP II programme in the area of standards, veterinary and phytosanitary controls, and food safety. The support to the Aqaba Economic Zone Authority also includes a component aimed at “meeting requirements for certification and accreditation to international standards”. The EC also provided technical assistance to the Jordan Institute for Standards and Metrology (JISM) through a twinning program in order to draft a law on standards accreditation and conformity assessment, and to help Jordan sign an Agreement on Conformity Assessment and Accreditation (ACAA). Under such an agreement, products certified in Jordan will be accepted in the EU”. (EvalVol2p33)</i></p> <p><i>“It is however the understanding of the evaluation team that the process is long and difficult. Not only the Jordanian legislation has to be changed, but a several institutions have to be created and made operational.” (EvalVol2p38)</i></p> <p><i>“To help diversify Jordan’s exports, a central element in the ENP is the objective of ‘a stake in the internal market’. The main priority in this field will be to develop a uniform regulatory approach both in the area of trade in services and for trade in industrial products as barriers to trade relate to diverging regulatory frameworks than to tariffs”. (CSPNIP2007-2010 p19)</i></p> <p><i>“Jordan committed itself to implement the Euro-Mediterranean Charter for Enterprise, and to participate in the reporting process on the Charter implementation. Improving business conditions by implementing this Charter is particularly important in the priority areas identified by Jordan, namely education to boost entrepreneurship, easier access to finance, business-support services of high quality, and innovative capacity among small businesses.” (CSPNIP2007-2010 p19)</i></p>
<b>I-6.1.1</b>	Existence of documented analysis of the main shortcomings of enterprises in terms of competitiveness, including forward studies and surveys of key sectors or subsectors in regions/countries concerned
<b>I-6.1.2</b>	In its strategy/programming documents the Commission refers to these analyses
<b>I-6.1.3</b>	Stakeholders, in particular from the private sector, consider that the shortcomings identified are the right ones
<b>I-6.1.4</b>	The Commission support was geared towards tackling the shortcomings identified in these analyses
<b>I-6.1.5</b>	A critical mass of enterprises facing competitiveness problems (grouped by sector, or by potential exporting enterprises) has been targeted
<b>I-6.1.6</b>	PSD programming in the area of BDS and non-financial service provision has targeted sustainable reinforcement of the structures and functioning of local markets (as per Recommendation RI-2 of the 2005 Evaluation)
<b>I-6.1.7</b>	Number of BDS interventions aimed at reinforcing local BDS markets versus the number of interventions providing direct BDS services

<p>I-6.1.1</p>	<p><b>JORDAN</b></p> <p><b>Sector Reform Facility (SBS) - Jordan</b></p> <p><b>EJADA - Jordan</b></p>
<p>I-6.1.2</p>	<p><b>JORDAN</b></p> <p><b>Sector Reform Facility (SBS) – Jordan</b></p> <p><i>« Technology based sectors such as the pharmaceutical industry are promising, especially for export. Since the domestic market is relatively small export potential is important to investors establishing in Jordan. Currently, there is a limited range of exported products. » (FA annex2 p4)</i></p> <p><i>« Incentives to the private sector in order to increase its investment in transport have been combined with the establishment of independent regulatory bodies and a legislative reform programme. Nevertheless, due to a lack of institutional coordination, uncompetitive road transport and onerous cross-border procedures Jordan is still a high cost location in terms of logistics and transport costs. »(FA annex2 p4)</i></p> <p><i>« Measures included within the SRF have been divided into two main policy areas. The first, termed "Government Sector Support to Private Sector Development", covers institutional strengthening in the delivery of investment and export promotion services. The second, termed "Improvement of the Business Environment", is related to more direct actions that facilitate private sector development and addresses specific constraints to business. » (FA annexII p5)</i></p> <p><i>« The compartment « Improvement of the Business Environment » of the SRF includes three chapter :</i></p> <ul style="list-style-type: none"> <li>- Trade Facilitation,</li> <li>- Investment Friendly Environment</li> <li>- Access to finance</li> </ul> <p><i>With respect to Trade Facilitation, a number of issues have been identified in the transport sector. The recent publication by the Ministry of Transport of an Action Plan and strategy document goes some way in addressing these issues.</i></p> <p><i>In this context, seven measures have been identified in the SRF : (i) revision of the national transport strategy and incorporation of an Action Plan for achieving related national goals for Jordan ; (ii) activation of a trade facilitation/ coordinating mechanism that includes participation of the private sector ; (iii) identifying viable options to improve the capabilities of Amman Marka and Queen Alia Airports to act as a regional air cargo hub in due consultation with the private sector ; (iv) encouraging the deregulation and liberalisation of the road freight transport sector (abolish the "tum system" between individual drivers and trucks and the fixed price of road freight transport) ; (v and vi) adopting a Single Administrative Document and design a « Single Window » to simplify the onerous cross-border procedures faced by exporters and importers ; and (vii) designing an appropriate regulatory framework for multi-modal transport with coordination between stakeholders, including the private sector, who will need to be involved if a coordinated approach is to be successful. » (FA annexII p8-9)</i></p> <p><b>EJADA – Jordan:</b></p> <p><i>“The Industrial Modernisation Programme (IMP) managed by EJADA aims at the integrated development and modernisation of the Jordanian private sector with particular emphasis on SMEs and start-up companies. It is addressed to all industry-related sectors of the economy that have a growth and/ or export potential “(FA AnnexII p2)</i></p>

	<p><i>“The task ahead for the government, government-related institutions, professional associations and entrepreneurs in Jordan alike is to address main constraints for the development of industry, in particular SMEs and start-up companies, at all levels.</i></p> <ul style="list-style-type: none"> <li>- <i>Jordan is a service economy (services amount to about 66% of ODP) with an industrial base that is small and diffuse.</i></li> <li>- <i>With only 14% of ODP (1998), the share of manufacturing industry is considerably lower than in comparable countries and limited to few major sectors, such as pharmaceuticals, chemicals, and minerals.</i></li> <li>- <i>The majority of these companies are labour-intensive, family-owned, and use low standards of technology.</i></li> </ul> <p><i>As a result, quality and price of Jordanian products are not competitive on international markets.” (FA AnnexII p3)</i></p>
I-6.1.3	JORDAN
	Sector Reform Facility (SBS) - Jordan
	EJADA - Jordan
I-6.1.4	JORDAN
	Sector Reform Facility (SBS) - Jordan
	EJADA - Jordan
I-6.1.5	JORDAN
	Sector Reform Facility (SBS) - Jordan
	EJADA - Jordan
I-6.1.6	JORDAN
	Sector Reform Facility (SBS) - Jordan
	EJADA - Jordan
I-6.1.7	JORDAN
	Sector Reform Facility (SBS) - Jordan
	EJADA - Jordan
<b>JC 6.2</b>	<b><i>The delivery channels or IOs for this support were appropriate and able to deliver</i></b>
<b>Findings at JC level</b>	<p><i>“Broadly speaking, the evaluation team interprets the ten years story (BST followed by EJADA followed by Sector Reform Facility) as the progressive development of a Jordan based consultancy community, which is now capable to provide almost all generic advisory services (e.g. strategy making, energy saving) at local cost, whilst costly international consultants remain needed in more specific niches.</i></p> <p><i>The two successive EC actions (BST and EJADA) have played a deliberate role in developing the capacity of local consultants. This has been mainly achieved by making compulsory that each international consultant be accompanied by a local consultant, a rule which boosted the local learning-by-doing.</i></p> <p><i>In addition, a surprising benefit of the difficult transfer of EC’s responsibilities to the Government is that many members of the EJADA staff are now established as local consultants (seven persons to the evaluation team’s knowledge, of which a majority of women).</i></p> <p><i>Overall, the EC has therefore facilitated the progress towards an efficient mix of international and</i></p>

	<p><i>local provision of services to SMEs.” (EvalVol2p41)</i></p> <p><i>“The 10 years process of support to SMEs (BST followed by EJADA followed by SRF) could not have been much faster because it takes several years for a consultant to become a credible adviser and for local consultancy firms to become sustainable.” (EvalVol2p84)</i></p> <p><i>« Private sector organisation is improving with the rise of a number of specialised bodies such as the Young Entrepreneurs Association. These complement the work of the Chambers of Commerce and Industry and provide a new means whereby private sector stakeholders can share experiences and discuss their concerns with the authorities in a more coherent manner. The role of the private sector and its collective business "voice" in its relationship with government needs to develop further in order to be more effective. » (SRF - FA annexII p4)</i></p>
I-6.2.1	Commission programming documents and stakeholders show that intermediary organisations were selected on the basis of their ability to deliver
I-6.2.2	Monitoring/evaluation reports and/or stakeholders provide evidence that selected intermediary organisations delivered
I-6.2.3	Monitoring/evaluation reports and/or stakeholders provide evidence that key follow-up at the level of intermediary organisations occurred
I-6.2.4	Monitoring/evaluation reports and/or stakeholders provide evidence to show that institutions for business development services have been strengthened in a sustainable manner
I-6.2.1	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<p><b>EJADA – Jordan:</b></p> <p><i>“As the allocated budget will only allow EJADA to provide a limited contribution to the industrial development of Jordan, its impact will entirely depend on its capability to generate more (and larger) initiatives/programmes, under leadership of local business associations (private or public), banks, governmental structures, etc. EJADA therefore needs to be considered as a pilot programme.” (MR00513.01)</i></p> <p><i>“Jordan has a wide range of business associations (Chambers, Businessmen Association etc) and support institutions which are involved in different aspects of industrial development. However, the value of their services provided to SMEs and their capacity to represent private sector interests is limited.” (FA AnnexII p3)</i></p>
I-6.2.2	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<p><b>EJADA – Jordan:</b></p> <p><i>“Without a doubt the project managed by EJADA, an independent intermediary organisation, has delivered services and outcomes that are of a very high quality, of considerable relevance to the needs of industrial modernisation in Jordan and has, in effect surpassed expectations.” (MR10206.04)</i></p>
I-6.2.3	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA – Jordan:</b>

	<p><i>“The conversion of the EJADA services into JUMP and JUMP’s absorption into the JE has been undertaken in a sensitive and professional manner; although institutional changes of this nature are always traumatic and prone to difficulties, the transition has been without any major mishaps if not some degree of slowing of operations.” (MR10206.04)</i></p> <p><i>“The absorption of some of the project’s services previously managed by the independent agency EJADA into JUMP, part of Jordan Enterprise (JE) does raise some concerns though. As JE is a quasi-government institution it is unable to pay private sector remuneration packages and as such some of the staff from the project, who received private sector salaries during the project, have now left and become independent practitioners or joined the private sector. This, in itself is no bad thing as the industrial sector benefits from the project’s experiences, but this loss of experienced staff has weakened the successor institution.” (MR10206.04)</i></p> <p><i>“For the secured future of the other institutions it is vitally important that they begin to pay attention to the need for income-generation that will contribute towards, if not fully assure, future financial sustainability.” (MR10206.04)</i></p> <p><i>“The GoJ should provide the necessary support to JE – both financial and institutional – that will ensure that it retains good staff through realistic remuneration packages that will ensure the continuation of service provision.” (MR10206.04)</i></p>
<p><b>I-6.2.4</b></p>	<p><b>JORDAN</b></p> <p><b>Sector Reform Facility (SBS) - Jordan</b></p> <p><b>EJADA – Jordan:</b> The Chamber of Industry has been less supportive possibly because the Chamber may have felt slightly threatened by the success and high profile of the EJADA project. (MR10206.04)</p>
<p><b>JC 6.3</b></p>	<p><b><i>Enterprises that benefited from Commission support have been upgraded and accessed new markets</i></b></p>
<p><b>Findings at JC level</b></p>	<p><i>“The main EC contribution in trade and export is to be found in the EC support to exporting SMEs. The number of Jordan companies having benefited from EJADA is about 200, and the evaluation team considers that less than one third of Jordanian exporting SMEs would not have been reached by the EC support (experts’ assessment). Interviews in EC supported SMEs suggest that the EC funded support has been effective in strengthening their competitiveness.” (EvalVol2p38)</i></p> <p><i>“The impact study carried out in 2003 concludes that supported SMEs were very satisfied (more than 60%). Interviewed managers rated the contribution of EJADA at 1.7 for competitiveness (on a 0-3 scale), 1.6 for sales, and 1.1 for exports.” (EvalVol2p80)</i></p> <p><i>“But the Jordan’s trade deficit with EU is is very large according to all sources, partially compensated by a surplus in services, mainly remittances and tourism. Interviewees assess that “The Association Agreement focuses on duty free access mainly, but the challenge is to match EU standards. So whatever is done with tariffs and quotas, it does not improve Jordan enterprises’ access to the EU market” (interview EC).”(EvalVol2p37)</i></p> <p><i>“According to the Ministry of Industry and Trade (interview) the EJEP component of EJADA had visible benefits in a few sectors such as fruits, marble and pharmacy, but the success stories are in small numbers. Jordanian companies still need to progress a lot.” (EvalVol2p38)</i></p>

	<p><i>“The EC-supported SMEs have developed their awareness of international markets, their capacity to export, and their actual exports to Arab countries, the USA and other parts of the world. However, this evaluation confirms that the expected breakthrough in their exports to the EU did not occur, despite a few low-scale success stories.”(EvalVol2p39)</i></p> <p><i>“Although Jordanian exports to the EU are growing and well diversified, the EU market remains the third destination for Jordanian exports, and not the fastest-growing one. No breakthrough has been observed in the EC-supported SMEs and there are signs that such a breakthrough is not likely to occur. According to the CBJ, the EU market is the fourth destination of Jordanian exports, far behind the Arab countries, the US, and India”(EvalVol1p24)</i></p>
<b>I-6.3.1</b>	Evidence exists of follow-up after cooperation meetings and agreements in terms of upgrading of enterprises (development of skills, know-how, managerial, market knowledge, etc.), and adequate targeting of key sectors
<b>I-6.3.2</b>	Number of business to business cooperation and promotion meetings which gave rise to increased trade exchanges and enhanced export prospects
<b>I-6.3.3</b>	Number of business to business cooperation and promotion meetings which gave rise to durable partnerships enhancing business opportunities and sustainable enterprise prospects
<b>I-6.3.4</b>	Monitoring reports demonstrate a systematic flow of know-how resulting from such activities
<b>I-6.3.1</b>	<p><b>JORDAN</b></p> <p><b>Sector Reform Facility (SBS) - Jordan</b></p> <p><b>EJADA – Jordan:</b></p> <p><i>“The Jordanian business community, especially the medium-sized entrepreneurs, have needed both information and planning for the development of their enterprises and access to affordable financing – the EJADA project has provided both, and the successor institutions JUMP continue to do so.” (MR10206.04)</i></p> <p><i>“The project reached over 750 SMEs which is a major part of the Jordanian SME sector. Numerous courses and training sessions were provided by the EJABI and the “incubator centres” have helped a number of budding businesses and spawned a number of new products and innovations. The access to advice, finances and support by SMEs has grown considerably and now continues on in the successor institutions that now provide these services, with most clients willing and able to pay for these services.” (MR10206.04)</i></p> <p><i>“Different support mechanisms for the small and micro entrepreneur are required and should be investigated by JE so that all levels of business can receive the requisite support.” (MR10206.04)</i></p>
<b>I-6.3.2</b>	<p><b>JORDAN</b></p> <p><b>Sector Reform Facility (SBS) - Jordan</b></p> <p><b>EJADA - Jordan</b></p>
<b>I-6.3.3</b>	<p><b>JORDAN</b></p> <p><b>Sector Reform Facility (SBS) - Jordan</b></p> <p><b>EJADA - Jordan</b></p>



I-6.3.4	JORDAN
	Sector Reform Facility (SBS) - Jordan
	EJADA - Jordan
JC 6.4	<i>Enterprises that benefited from Commission support have increased their access to technology</i>
Findings at JC level	No specific information found.
I-6.4.1	Monitoring reports show that new technology, including European technology, has been mobilised by enterprises in Partner Countries
I-6.4.2	Stakeholders interviews indicate that such technology transfers has heightened their competitiveness
I-6.4.3	Monitoring reports indicate that the volume of technology transfers has been important for enterprises and relevant target sectors
I-6.4.1	JORDAN
	Sector Reform Facility (SBS) - Jordan
	EJADA - Jordan
I-6.4.2	JORDAN
	Sector Reform Facility (SBS) - Jordan
	EJADA - Jordan
I-6.4.3	JORDAN
	Sector Reform Facility (SBS) - Jordan
	EJADA - Jordan

<b>EQ 7</b>	<b>To what extent did Commission support contribute to increased cross-border investment in partner countries' private sectors?</b>
<b>Other relevant information (not captured elsewhere)</b>	<p><b>JORDAN:</b> Information collected during the country mission suggests the following:</p> <ul style="list-style-type: none"> <li>• <b>The EC has supported investment promotion in Jordan in several ways:</b> <ul style="list-style-type: none"> <li>• Investment Promotion was an important part of SRF SBS</li> <li>• Support to Jordan's IPO (2010): €0.8m for development of JIB's strategic plan <ul style="list-style-type: none"> <li>• JIB's CRM reports significant impact on overall FDI (not EU specific)</li> </ul> </li> <li>• Some workshops, etc. as part of larger EC PSD programmes</li> <li>• Venture capital funds (growth and early-stage equity) have investment mobilisation in part</li> <li>• JIB benefited from regional B2B programme (but not very successfully) <ul style="list-style-type: none"> <li>• Note. Regional MEDA-INVEST programme frozen following management issues</li> </ul> </li> <li>• Direct results from this support include the drafting of the Investment Promotion Law (expected in 2012) and JIB's strategic plan , but there is little evidence yet whether activities undertaken have resulted in an increase in domestic and foreign investment.</li> </ul> </li> <li>• Lack of strong B2B approach in Jordan = key shortcoming in EC "PSD for Trade" approach according to several interlocutors → contributed to lack of impact on exports to EU and EU FDI</li> </ul>
<b>JC 7.1</b>	<i>The Commission's support was targeted on the basis of an analysis of the needs of enterprises</i>
<b>Findings at JC level</b>	
<b>I-7.1.1</b>	Enterprises needs analyses provided in regional/country surveys or through other means
<b>I-7.1.2</b>	Evidence in programming documentation on the Commission's knowledge of potential European sources of investment when organising investment promotion activities
<b>I-7.1.3</b>	Elements provided in programming documentation and/or by stakeholders showing that the Commission's support was based on these needs analyses and that the Commission had a prioritised approach in selecting groups of beneficiary enterprises
<b>I-7.1.1</b>	<p><b>JORDAN:</b> <i>"The country is relatively open to foreign investment, very dependent on regional security issues though. Foreign investment levels have increased substantially over the last few years. The average annual growth rate in FDI in 2003-04 reached 33%. Yet EU investment in Jordan remains on</i></p>

	<p><i>the low side and investment flows have been concentrated in recently privatised industries. Obstacles remain to be removed, for example by rationalising the investment incentives scheme and effectively implementing investment laws.</i>” (CSPNIP2007-2010 p8)</p> <p><i>“To usefully complement bilateral assistance on trade and private sector development, regional co-operation will contribute to developing south-south trade and regional co-operation initiatives, including support for the implementation of the Agadir agreement.”</i> (CSPNIP2007-2010 p21)</p> <p><b>Sector Reform Facility (SBS) – Jordan</b></p> <p><i>« Technology based sectors such as the pharmaceutical industry are promising, especially for export. Since the domestic market is relatively small export potential is important to investors establishing in Jordan. Currently, there is a limited range of exported products. »</i> (FA annex2 p4)</p> <p><i>« The presence in a country of financial products that enable foreign or expatriate Jordanian investors to reduce both foreign currency equity inputs and loans can be vital incentives. »</i> (FA annexII p4)</p> <p><i>« Jordan is relatively open to foreign investment. The current incentive scheme is based on tax incentives and advantages. It is, however, highly selective, distinguishing between industry sectors, regions, etc. Current investment incentives discriminate especially against most service sector investments that face a higher tax rate than manufacturing. Complex administration and regulations also remain an important concern for investors. »</i> (FA annexII p4-5)</p> <p><i>« Concerning the Investment-Friendly environment chapter of the SRF, an investment law is needed to improve attractiveness towards investors. Such a law would define the protection offered to the investor (ability to repatriate profits, dispute settlement procedures, etc.). The SRF supports the Government in setting up an effective framework in that sense. The Investment Promotion Law of 1995 was deemed to be out of date. In 2003, six provisional laws were prepared but have not yet been approved and need updating and improvement. The new regime should focus on non-fiscal incentives to encourage business rather than the existing one which concentrates on tax holidays. »</i> (FA annexII p9-10)</p>
	<b>EJADA - Jordan</b>
<b>I-7.1.2</b>	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>I-7.1.3</b>	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>JC 7.2</b>	<b><i>The Commission has supported the development of investment-related intermediary organisations, and these IOs have effectively engaged in investment promotion</i></b>
<b>Findings at JC level</b>	
<b>I-7.2.1</b>	<b>Number of Investment Promotion Agencies (IPAs) and other investment</b>

	intermediaries supported
I-7.2.2	Monitoring reports contain evidence of improvements in the performance of IOs in the supply of investment support
I-7.2.3	Number of investment promotion events that gave rise to actual additional investment
I-7.2.1	<b>JORDAN:</b> No specific information found.
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
I-7.2.2	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
I-7.2.3	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>

<b>JC 7.3</b>	<b><i>The Commission has supported investment related business to business meetings &amp; investment promotion events, and these have had identifiable results</i></b>
<b>Findings at JC level</b>	The organisation of a business-to-business dialogue can help develop trade and investment relations between Jordan and the EU. (CSPNIP2007-2010 p19)
<b>I-7.3.1</b>	Number of investment promotion meetings & events organised
<b>I-7.3.2</b>	Monitoring reports contain evidence of investment mobilisation resulting from such events, and stakeholders confirm such results
<b>I-7.3.3</b>	Commission follow-up steps have been taken to enhance the results of investment promotion activities
<b>I-7.3.4</b>	Also see answers to indicators I-6.3.2 and I-6.3.3 above
<b>I-7.3.1</b>	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>I-7.3.2</b>	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>I-7.3.3</b>	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>I-7.3.4</b>	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>JC 7.4</b>	<b><i>Commission support has encouraged FDI</i></b>
<b>Findings at JC level</b>	
<b>I-7.4.1</b>	Reports exist that document the mobilisation of investment flows as a result of Commission support
<b>I-7.4.2</b>	In the absence of actual financial investment, the Commissions reports demonstrate that potential has been created for later investment resulting from business partnerships
<b>I-7.4.1</b>	<p><b>JORDAN:</b></p> <p>Major changes have been made with an aim to improve business environment, for instance:</p> <ul style="list-style-type: none"> <li>• The creation of the successful QIZ (USAID)</li> <li>• Privatization which is a major element in explaining the surge in FDI, for instance in the Telecom sector since 1998</li> <li>• The strain of laws that have been passed in the last four years which (i) abolish remaining controls on the foreign ownership of property and land; (ii) strengthen</li> </ul>

	<p>the judiciary system and regulatory agencies; (iii) encourage and regulate leasing activities, electronic commerce, and e-government; (iv) streamline the efficiency of government agencies; and (v) strengthen companies' disclosure requirements.</p> <ul style="list-style-type: none"> <li>• The Aqaba Special Economic Zone, aimed at providing a free-trade zone and a streamlined administration with significant tax and infrastructure incentives (2001) (EvalVol2p35)</li> </ul> <p><i>"In terms of business environment, the role of the EC has been marginal in comparison with other internal and external actors, and especially with the USAID's AMIR programme."</i> (EvalVol2p37)</p> <p><i>"The reform of the competition law is the only (and modest) contribution of EJADA to creating a business friendly regulatory environment. The legislative process has revived at the initiative of EJADA and the new law has been passed."</i> (EvalVol2p77)</p>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>I-7.4.2</b>	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>JC 7.5</b>	<b><i>SMEs were adequately targeted by comprehensive provision of investment related services</i></b>
<b>Findings at JC level</b>	
<b>I-7.5.1</b>	Regional and country surveys and studies indicate that SMEs were among the Commission's priorities
<b>I-7.5.2</b>	Intervention documentation evidences that SMEs have been duly targeted
<b>I-7.5.3</b>	Monitoring reports contain evidence of investment mobilisation benefiting SMEs
<b>I-7.5.1</b>	<b>JORDAN:</b> No specific information found.
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>I-7.5.2</b>	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>I-7.5.3</b>	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>

EQ 8	To what extent has the Commission PSD support contributed to facilitate the generation of employment?
Other relevant information (not captured elsewhere)	<p><b>JORDAN:</b>  <i>“Job creation is evidently one of the main challenges for the Jordanian authorities, with the official unemployment rate increasing from 12.5% in 2004 to more than 15% in 2005. Moreover, youth unemployment remains particularly high at 30%. The mismatch between the output of the education system and the needs of the labour market requires a reorientation of education and employment policies.”</i> (CSPNIP2007-2010 p9-10)</p> <p><i>“The aim of the programme supporting education and employment policy will be to upgrade the national labour and employment strategy on the basis of the National Agenda’s orientations. Special attention will be paid to demand-oriented reform of the technical and vocational education and training system (TVET).”</i> (CSPNIP2007-2010 p30)</p> <p><i>« Job creation is one of the main challenges of the Jordanian authorities. The mismatch between the outcome of the education system and the needs of the labour market points to the need for a reorientation of the education system, which is a priority of the Plan for Social and Economic Transformation (PSET) ». (SRF - FA annexII p3)</i></p>
<b>JC 8.1</b>	<b><i>The Commission monitors employment effects</i></b>
Findings at JC level	
I-8.1.1	Description of Commission practices in terms of monitoring of employment effects (e.g. specific indicators defined)
I-8.1.2	Evolution of employment figures included in beneficiary progress reports to Commission
I-8.1.1	<p><b>JORDAN:</b>  The evaluators found out during the country mission that there had been no monitoring of EC interventions’ effect on employment → unclear impact on employment of key EC programmes (e.g. EJADA, SRF, etc.)</p> <p><b>Sector Reform Facility (SBS) - Jordan</b></p> <p><b>EJADA - Jordan</b></p>
I-8.1.2	<p><b>JORDAN</b></p> <p><b>Sector Reform Facility (SBS) - Jordan</b></p> <p><b>EJADA - Jordan</b></p>
<b>JC 8.2</b>	<b><i>Generation of employment has been a concern of the Commission when providing PSD support</i></b>
Findings at JC level	<p><b>JORDAN:</b>  The evaluators found out during the country mission that the <b>strategic focus for PSD in Jordan (EC + Gov) on enterprise competitiveness rather than on employment</b> during evaluation period 2004-2010</p> <ul style="list-style-type: none"> <li>• Employment was rather a result of enterprise upgrading than a clear target (e.g. in selection of beneficiary enterprises)</li> <li>• Employment became a clear priority for Jordan Gov. since Arab Spring</li> </ul>

	(2010) <ul style="list-style-type: none"> <li>E.g. generation of employment now a major objective for JIB (important selection criteria for exemptions and incentives)</li> </ul>
I-8.2.1	Commission strategy and programming documents explain how supported interventions will contribute to employment
I-8.2.2	Available reports explain how Commission support aimed at and did contribute to employment
I-8.2.3	Stakeholders consider that Commission interventions aimed at and did contribute to the generation of employment
I-8.2.1	<b>JORDAN:</b> No specific information found.
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA – Jordan:</b> “The Jordanian educational system is reputed to be one of the best in the region. However, the system is not well adapted to the practical needs of industry. In general the technical, vocational, educational and training systems need to be focused on the needs of industry and their curricula must be adapted. The challenge is to develop a system that is demand-driven, anticipating and responding to the needs of industry modernisation.” (FA AnnexII p4)
I-8.2.2	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
I-8.2.3	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>JC 8.3</b>	<b><i>Commission support to formalisation of MSMEs has contributed to increased employment opportunities</i></b>
<b>Findings at JC level</b>	
I-8.3.1	Evolution of employment figures within MSME sector in beneficiary countries during evaluation period
I-8.3.2	Number of MSMEs created in beneficiary countries during evaluation period
I-8.3.1	<b>JORDAN:</b> No specific information found.
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
I-8.3.2	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>JC 8.4</b>	<b><i>Commission SBS has increased private sector employment opportunities in</i></b>



	<i>the sectors supported</i>
<b>Findings at JC level</b>	
<b>I-8.4.1</b>	Evolution of employment figures in the sectors supported by Commission SBS during evaluation period
<b>I-8.4.1</b>	<b>JORDAN:</b> No specific information found.
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>JC 8.5</b>	<i>Commission support has contributed to the transition of entrepreneurs from the informal to the formal sector</i>
<b>Findings at JC level</b>	<b>JORDAN:</b> The evaluators found no evidence during the country mission of specific support for transition of entrepreneurs from the informal to the formal sector, which would benefit to employees (social security, etc).
<b>I-8.5.1</b>	Commission strategy and programming documents foresee support for the transition from the informal to the formal sector
<b>I-8.5.2</b>	Improvements in the transition from the informal to the formal sector
<b>I-8.5.1</b>	<b>JORDAN:</b> No specific information found.
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>I-8.5.2</b>	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>

EQ 9	What was the Commission's added-value when providing support to PSD in third countries?
<p><b>Other relevant information (not captured elsewhere)</b></p>	<p><b>JORDAN:</b></p> <p>Information gathered during the evaluators' country mission suggest the following:</p> <ul style="list-style-type: none"> <li>• EC PSD support leveraged on its mandate for trade matters (AA), more than on EC expertise in this field (<i>cf. EQ2</i>)</li> <li>• EC widely acclaimed for having created a national impetus for PSD: <ul style="list-style-type: none"> <li>• Tangible results from a successful programme (EJADA)</li> <li>• Incentives for fast-tracked progress on PSD (SRF)</li> </ul> </li> <li>• EC approach for PSD was based on VA of grant funding <ul style="list-style-type: none"> <li>• E.g. TA for capacity-building of MoIT, BSOs and SMEs</li> <li>• E.g. Both financial and non-financial support <ul style="list-style-type: none"> <li>• Non-financial support example: know-how on jump-starting incubators</li> </ul> </li> <li>• E.g. Venture Capital Funds with EIB for growth and ICT</li> <li>• E.g. Subsidising guarantee schemes (<i>a kind of blending mechanism</i>) <ul style="list-style-type: none"> <li>• But issues with EC management of such schemes: €6m handed over to corporation after 5-year programme closure, without any conditionality or follow-up</li> </ul> </li> </ul> </li> <li>• EC approach for PSD was delivered through the public sector (except EJADA's PMU), with clear effect in terms of sustainability <ul style="list-style-type: none"> <li>• Institutional building / sustainability was widely recognised as a key dimension and differentiating factor of EC VA (vs. USAID for instance): e.g. JEDCO, EJABI, JIB, smaller BSOs</li> <li>• But lack of strong B2B approach (<i>cf. EQ6</i>)</li> </ul> </li> <li>• Some specific EC aid modalities (BS) and rules &amp; procedures were however detrimental to the effectiveness of its support to PSD (<i>cf. EQ 3</i>)</li> </ul>
<b>JC 9.1</b>	<p><i>The Commission PSD strategies were geared towards the provision of Commission-specific benefits, as compared to private sector initiatives, other financing modalities and support provided by other actors</i></p>
<b>Findings at JC level</b>	
<b>I-9.1.1</b>	<p>Commission documents that lay down the overall (not country specific) PSD strategy of the Commission require that the Commission PSD strategies and interventions are chosen on the basis of, among other things, the specific benefits the Commission can provide</p>
<b>I-9.1.2</b>	<p>CSPs/RSPs and programming documents highlight the specific value added of the Commission support</p>
<b>I-9.1.3</b>	<p>Stakeholders consider that the potential value added of the Commission support has been a key criterion for deciding on the nature of the support to be provided</p>

I-9.1.1	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
I-9.1.2	<b>JORDAN:</b> <i>“USAID has been the other main player in the area of private sector development through the AMIR programme which had a direct support dimension, although its main focus was on developing a business friendly environment in cooperation with the Government. The AMIR programme came to an end in November 2006 and it was immediately replaced by another USAID programme called SABEQ, with a financial allocation similar to the EC’s Sector Reform Facility. Continuation of EJADA and AMIR are almost concomitant in time (July and November 2006), but the processes are quite different in institutional terms since the EC has passed the responsibility to the Government and has moved to a sector budget support.”</i> (EvalVol2p79)
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
I-9.1.3	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>

<b>JC 9.2</b>	<b><i>The beneficiaries of Commission PSD support were not in a position to provide or to provide as swiftly and with the same results the support that was provided by the Commission</i></b>
<b>Findings at JC level</b>	
<b>I-9.2.1</b>	Evidence provided in strategy, programming documents and reports that show that beneficiaries at macro, meso- and micro level were not in a position to provide the support
<b>I-9.2.2</b>	Stakeholders consider that beneficiaries at macro, meso- and micro level were not in a position to provide the support
<b>I-9.2.1</b>	<p><b>JORDAN:</b></p> <p><i>“The 10 years process of support to SMEs (BST followed by EJADA followed by SRF) could not have been much faster because it takes several years for a consultant to become a credible adviser and for local consultancy firms to become sustainable.” (EvalVol2p84)</i></p> <p><i>“In the EJADA programme, there are signs that the 80% subsidy rate was conditional for the success of the programme. On the contrary, there is evidence that SMEs would have been ready to seek advice at a cost closer to market prices.</i></p> <p><i>The evaluation team understands that the subsidy rate had to be high in the first years of the programme, and that it has been reduced as soon as possible. However, no further reduction has taken place since 2004 whilst there are signs that this would have been possible, at least for some beneficiaries.” (EvalVol2p82)</i></p> <p><b>Sector Reform Facility (SBS) - Jordan</b></p> <p><b>EJADA – Jordan:</b></p> <p><i>“Without a doubt the project EJADA has delivered services and outcomes that are of a very high quality, of considerable relevance to the needs of industrial modernisation in Jordan and has, in effect surpassed expectations.” (MR10206.04)</i></p>
<b>I-9.2.2</b>	<p><b>JORDAN</b></p> <p><b>Sector Reform Facility (SBS) - Jordan</b></p> <p><b>EJADA - Jordan</b></p>
<b>JC 9.3</b>	<b><i>The Commission’s grant support had specific benefits</i></b>
<b>Findings at JC level</b>	
<b>I-9.3.1</b>	Areas of PSD support selected by the Commission are generally not considered as fit for loan funding or for other financing modalities
<b>I-9.3.2</b>	Evidence provided in evaluation/ monitoring reports on the value added of the Commission through blending grant funding with other modes and sources of funding
<b>I-9.3.3</b>	Stakeholders consider that the Commission had value added through blending grant funding with other modes and sources of funding
<b>I-9.3.4</b>	Elements provided in strategy, programming documents, and reports that show other specific benefits of grant funding for the interventions

I-9.3.5	Stakeholders are able to show other specific benefits of the grant funding for the PSD support provided
I-9.3.1	<b>JORDAN:</b> No specific information found.
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
I-9.3.2	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
I-9.3.3	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
I-9.3.4	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
I-9.3.5	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>JC 9.4</b>	<b><i>The Commission had a specific value added compared to the support provided by other public actors, in particular but not only EU MS</i></b>
<b>Findings at JC level</b>	<p><i>“The MEDA I evaluation report (covering years before 2003) assessed that there was an “intense competition among donors” and that “targeted beneficiaries were used to switch from one source of support to the other”.</i></p> <p><i>In this respect, the transfer of EC’s responsibilities to the Government can be understood as a step towards a more efficient system. The former EJADA activities have therefore been transferred to a newly created institution (JUMP).” (EvalVol2p79)</i></p> <p><i>“Some competition between donors has occurred, and may have resulted in some extra cost required to attract a critical mass of enterprises into the EJADA project.” (EvalVol2p82)</i></p>
I-9.4.1	Documents show and stakeholders consider that the Commission’s support at country and/or intervention level was of significant financial weight compared to the support provided by other actors
I-9.4.2	Documents show and stakeholders consider that the Commission provided a technical expertise that could not be provided by other actors (to the extent possible to be broken down by area of intervention)
I-9.4.3	Documents show and stakeholders consider that the Commission infused EU best practice and standards through its support
I-9.4.4	Documents show and stakeholders consider that the Commission’s procedures) offered advantages compared to those of other actors

I-9.4.5	Documents show and stakeholders consider that the fact that the support was provided by the Commission as representing the EU offered specific advantages
I-9.4.6	Documents show and stakeholders consider provide examples of other types of VA
I-9.4.1	<b>JORDAN:</b> <i>“The US is the major donor in Jordan, notably through massive budget support (US\$ 996 million disbursed since 1997) and cooperation embracing technical and political dialogue. In this respect, the US and EU cooperation programmes have common features in that their support encompasses both financial assistance and a wider political and economic partnership.”</i> (CSPNIP2007-2010 p16)
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
I-9.4.2	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
I-9.4.3	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
I-9.4.4	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
I-9.4.5	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
I-9.4.6	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>

<b>EQ 10</b>	<b>To what extent were the Commission's organisational set-up and management practices fit to a successful implementation of its PSD support?</b>
<b>Other relevant information (not captured elsewhere)</b>	
<b>JC 10.1</b>	<b><i>The devolution facilitated the implementation of the Commission PSD support</i></b>
<b>Findings at JC level</b>	<i>"The 2003 "deconcentration" reform is seen as having facilitated the dialogue on trade and exports. However there are expectations that the EU "helps more in the field of standards and access to the EU market" (cross-checked interviews EC / Government)." (EvalVol2p35)</i>
<b>I-10.1.1</b>	Stakeholders provide evidence that the devolution to delegations contributed to facilitating to the implementation of PSD support (e.g. better knowledge of local needs/priorities, better interaction with local stakeholders, notably of the private sector, etc.)
<b>I-10.1.2</b>	Stakeholders do not consider that there were major drawbacks of the devolution to delegations in terms of PSD support (e.g. less direct linkages with the European private sector, less coherence in the approach, etc.)
<b>I-10.1.3</b>	Stakeholders, such as major private sector operators in countries, are of the view that the EU Delegations make efforts to understand the private sector fabric and its constraints
<b>I-10.1.1</b>	<b>JORDAN:</b> The information collected during the evaluators' country mission suggests that the Devolution has facilitated implementation of Commission PSD support.
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>I-10.1.2</b>	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>I-10.1.3</b>	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>JC 10.2</b>	<b><i>The division of responsibilities between different DGs did not hamper an optimal implementation of the Commission's PSD support in the different countries'/regions concerned</i></b>
<b>Findings at JC level</b>	
<b>I-10.2.1</b>	The Commission had formal mechanisms to ensure collaboration between its different DGs involved with PSD related matters, including in terms of transfer of knowledge on PSD support within and outside the EU

I-10.2.2	Stakeholders consider that Commission support in third countries has benefited from general PSD knowledge and networks present within the Commission
I-10.2.1	<b>JORDAN:</b> No specific information found.
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
I-10.2.2	<b>JORDAN:</b> The information collected during the evaluators' country mission suggests that there was little coordination with DG ENTR
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>JC 10.3</b>	<i>The Commissions' HR policy was conducive to an optimal design and implementation of its PSD support</i>
<b>Findings at JC level</b>	
I-10.3.1	Existence of a specific HR policy for the management of Commission support to PSD in third countries
I-10.3.2	Existence of sufficient dedicated staff specialised in PSD matters both at HQ and Delegation level
I-10.3.3	Existence of specialised PSD trainings for staff in charge of PSD matters
I-10.3.4	Staff in charge of the Commission's PSD support is conversant with PSD constraints, and are well aware of the strategy and guidance documents, as well as of specific tools developed by the Commission for implementation
I-10.3.5	Stakeholders consider that Commission HR policy was a strength/weakness of PSD support
I-10.3.1	<b>JORDAN:</b> No specific information found.
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
I-10.3.2	<b>JORDAN:</b> The information collected during the evaluators' country mission suggests that EU Delegation PSD staff dedicated most time to implementation vs. strategy, design, evaluation, etc. e.g. EJADA evaluation conducted 5 years after programme closure
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
I-10.3.3	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>



	<b>EJADA - Jordan</b>
<b>I-10.3.4</b>	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>I-10.3.5</b>	<b>JORDAN:</b> The information collected during the evaluators' country mission suggests that HR practices hampered building strong in-house PSD experts. The uneven quality of external consultants due to FWC BENEf (and predecessors') process & procedures was also highlighted.
	<b>Sector Reform Facility (SBS) – Jordan</b>
	<b>EJADA – Jordan</b>
<b>JC 10.4</b>	<i>The Commission developed and used specific tools and guidance to facilitate the design and implementation of its PSD support</i>
<b>Findings at JC level</b>	
<b>I-10.4.1</b>	Description of available tools and guidance for the Commission support to PSD
<b>I-10.4.2</b>	Knowledge and use of these tools and guidance by Commission staff in charge of support to PSD
<b>I-10.4.3</b>	Commission staff expressed the view that these tools and guidance were useful
<b>I-10.4.1</b>	<b>JORDAN:</b> No specific information found.
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>I-10.4.2</b>	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>I-10.4.3</b>	<b>JORDAN:</b> The information collected during the evaluators' country mission suggests that there was a lack of institutional knowledge depository on PSD within the EC: <ul style="list-style-type: none"> <li>• No clear resources centre/person on PSD at the EC</li> <li>• Lack of comprehensive and state-of-the-art PSD diagnostics and practices</li> <li>• PSD guidelines not used by PSD-experienced staff</li> <li>• PSD programme designs do not systematically capitalise on acquired EC experience</li> <li>• Variable quality of feedback from QSG</li> <li>• HR practices hampering building strong in-house PSD experts; uneven quality of external consultants due to FWC BENEf (and predecessors') process &amp; procedures</li> </ul>

	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>JC 10.5</b>	<b><i>The Commission monitored/evaluated its support to PSD and used and disseminated the results</i></b>
<b>Findings at JC level</b>	
<b>I-10.5.1</b>	The Commission developed specific systems and sets of indicators to monitor and evaluate its support to PSD both at HQ and country level
<b>I-10.5.2</b>	The above mentioned monitor/evaluation systems were operational
<b>I-10.5.3</b>	The results of the monitoring and evaluations were disseminated and used to redirect strategies and programming
<b>I-10.5.4</b>	Stakeholders consider that monitoring and evaluation systems were useful to improve design and implementation of the PSD support
<b>I-10.5.1</b>	<p><b>JORDAN:</b></p> <p><i>“This evaluation shows that the EC strategy included many implicit assumptions about exports to the EU market. In the late 1990s, the assumptions were the following:</i></p> <p><i>Trade liberalisation removes tariffs and quotas, and provides Jordanian SMEs with free access to the EU market</i></p> <p><i>Advisory services provided to export-oriented SMEs boost their competitiveness</i></p> <p><i>Both factors generate a breakthrough in Jordanian exports to the EU.</i></p> <p><i>As early as 2002, the EC Delegation’s annual report recognised slow progress in Jordanian exports to the EU and quoted non-tariff barriers as one of the main obstacle. In 2003, the evaluation of MEDA I (and its Jordanian appendix) concluded that the above assumptions were not working.</i></p> <p><i>This report confirms (1) that the assumptions are not even likely to work, and (2) that the lesson has been fully learnt by the EC Delegation.</i></p> <p><i>A renewed approach was taking shape at the inception of this evaluation (fall 2006), again with many implicit assumptions which the evaluation team understands as follows:</i></p> <p><i>The EC assists Jordanian SMEs in overcoming technical barriers to trade, especially through matching EU standards</i></p> <p><i>The EC-supported regional integration (Agadir process) provides Jordanian SMEs with opportunities of alliances with firms from Egypt, Morocco or Tunisia, with substantial benefits in terms of competitiveness</i></p> <p><i>Both factors, combined with the two previous ones, generate a breakthrough in Jordanian exports to the EU market.</i></p> <p><i>The Jordanian experts in the evaluation team consider that the validity of the new assumptions is by no means certain because the Jordanian legislation has to be changed, and several institutions have to be created and made operational. In addition, there is not yet a common understanding as to how Jordan will practically benefit from the Agadir process.” (EvalVol1p43-44)</i></p> <p><b>Sector Reform Facility (SBS) - Jordan</b></p> <p><b>EJADA – Jordan:</b></p> <p><i>“The IMP (managed by EJADA) provides for expected results and indicators of achievement:</i></p> <ul style="list-style-type: none"> <li>- <i>direct non-financial services to SMEs, start-ups and SME support institutions (number of SMEs benefitting from support services, etc.);</i></li> <li>- <i>financial support schemes for SMEs and start-ups (number and overall volume of</i></li> </ul>

	<p><i>medium/ long term loans, etc.);</i></p> <ul style="list-style-type: none"> <li>- <i>vocational training and Human resource development (curricula adapted, etc.);</i></li> <li>- <i>institutional strengthening and better co-ordination of initiatives in the field of industrial policy development (improved capacities ; existence of meetings, studies, committees, policy initiatives, etc)."</i> (FA AnnexII p11-12)</li> </ul>
I-10.5.2	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<p><b>EJADA - Jordan:</b></p> <p><i>"The project had an efficient internal monitoring system, excellent quarterly and annual reports were produced that enabled monitoring by all parties."</i> (MR10206.04)</p>
I-10.5.3	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
I-10.5.4	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>

<b>JC 10.6</b>	<i>The Commission developed and used specific mechanisms to ensure capitalisation and sharing of its knowledge with respect to PSD</i>
<b>Findings at JC level</b>	
<b>I-10.6.1</b>	Description of existing mechanisms (networks, working groups, etc.) to ensure capitalisation of Commission knowledge on PSD both among Commission staff concerned with implementation of PSD support inside and outside the EU
<b>I-10.6.2</b>	Knowledge and involvement of staff concerned with PSD support in third countries with these mechanisms
<b>I-10.6.3</b>	Stakeholders expressed the view that these mechanisms are useful, with specific results generated and possible drawbacks
<b>I-10.6.1</b>	<b>JORDAN:</b> No specific information found.
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>I-10.6.2</b>	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>
<b>I-10.6.3</b>	<b>JORDAN</b>
	<b>Sector Reform Facility (SBS) - Jordan</b>
	<b>EJADA - Jordan</b>

## Data Collection Grid – Kenya

<b>EQ 1</b>	<b>To what extent did the Commission's PSD strategy and programming take into account the recommendations of the 2005 evaluation and the evolution of the overall private sector environment?</b>
<b>Other relevant information (not captured elsewhere)</b>	EC staff interviewed in Kenya noted that, whilst the recommendations of the 2005 evaluation were not disseminated during the evaluation period, nevertheless, the Delegation did pursue an increasing focus on the role of PSD in Kenya. In particular, increased focus was seen on the role of I&R reforms over the evaluation period. However, EC staff also noted that strategic consideration of evolving private sector needs was difficult in the context of 7 year programming cycles and implementation delays. <i>Source: MN538, 539, 531</i>
<b>JC 1.1</b>	<b><i>The Commission undertook efforts to make sure that the recommendations of the 2005 Evaluation were taken into account</i></b>
<b>Findings at JC level</b>	Evidence suggests that the 2005 PSD evaluation, nor the recommendations made therein, was not pro actively disseminated to Delegation staff responsible for PSD programming in Kenya. <i>Source: MN538, 531</i>
<b>I-1.1.1</b>	Existence of a plan or specific approach for the dissemination of the Recommendations to those responsible for programming and design of interventions
<b>I-1.1.2</b>	Evidence of dissemination of the recommendations to those responsible for programming and design of interventions
<b>I-1.1.3</b>	Commission staff were conversant with the 2005 Evaluation or with the recommendations made in this evaluation
<b>I-1.1.1</b>	EU Delegation staff indicated that the recommendations of the 2005 evaluation were not disseminated to the EUD. <i>Source: MN538</i>
<b>I-1.1.2</b>	See I-1.1.1 above.
<b>I-1.1.3</b>	EU Delegation staff showed awareness of the evaluation but not the recommendations made therein. <i>Source: MN538, 531</i>
<b>JC 1.2</b>	<b><i>Specific recommendations of the 2005 evaluation relating to the Commission's overall PSD Strategy have been taken into account</i></b>
<b>Findings at JC level</b>	As per JC 1.1, evidence suggests that EU Delegation staff were unaware of the 2005 evaluation's recommendations and that there was no process of taking them into account in the years following 2005. <i>Source: MN538, 531</i>
<b>I-1.2.1</b>	Evidence of greater clarity at programming level regarding the role of the Commission in PSD (particularly including the link between PSD, economic

	growth, the development objectives and poverty reduction)
<b>I-1.2.2</b>	Evidence of a process taking place to create a common vision of the Commission's PSD between HQ and EUD levels
<b>I-1.2.3</b>	Commission programming has prioritised the areas of highest Commission comparative advantage as described by the 2005 evaluation recommendation RS-2
<b>I-1.2.1</b>	
<b>I-1.2.2</b>	No evidence of such a process was evident in Kenya. EU staff noted that new Delegation staff were not provided with any "orientation" when arriving on a PSD desk in the country, which made it harder to understand HQ's PSD vision and how their position fitted into this. <i>Source: MN531, 538</i>
<b>I-1.2.3</b>	Programming has focused primarily on institutional and regulatory frameworks in Kenya, and no evidence of explicit consideration of RS-2 was given during the design of EDF9 and 10. <i>Source: MN531, 538</i>
<b>JC 1.3</b>	<b><i>The Commission is aware, through studies and exchanges with other sources of aid for PSD, of the evolution of the private sector environment</i></b>
<b>Findings at JC level</b>	Commission documentation, including country strategy papers for Kenya, demonstrate awareness of the evaluation of the private sector environment, including by reference to World Bank studies and statistics. <i>Source: EC, Country Strategy Paper in Kenya 2003-2007; EC, Country Strategy Paper in Kenya 2007-2013</i>
<b>I-1.3.1</b>	Existence of Commission documents evidencing awareness of the evolution of the private sector environment
<b>I-1.3.2</b>	Stakeholders report existence of dialogue with other sources of aid for PSD concerning the evolution of the private sector environment
<b>I-1.3.3</b>	Evidence exists that the private sector environment has been taken into account in the Commission's PSD strategies and programming at country/regional level
<b>I-1.3.1</b>	
<b>I-1.3.2</b>	No evidence was found of EC staff consulting other donors specifically concerning the evolution of the private sector environment, beyond the drafting of the country strategy papers. Donor coordination groups were run, however, on PSD in Kenya, throughout the evaluation period. <i>Source: MN538, 531</i>
<b>I-1.3.3</b>	Stakeholders, including EC staff, argued that the evolutions of the private sector environment were difficult to take into account given the long term (7 year) nature of EDF programming. <i>Source: MN538, 531</i>
<b>JC 1.4</b>	<b><i>Policy documents and surveys relating to PSD and the quality of aid have been taken into account by the Commission</i></b>
<b>Findings at JC level</b>	No evidence was found concerning the consideration of policy documents relating to the quality of PSD aid delivery as part of the Commission's programming in Kenya.

<b>I-1.4.1</b>	Documents show that new policy recommendations have been taken into account
<b>I-1.4.2</b>	Stakeholders report existence of internal dialogue or other process(es) that take into account new policy recommendations regarding quality of PSD aid
<b>I-1.4.1</b>	
<b>I-1.4.2</b>	

<b>EQ 2</b>	<b>To what extent was Commission support to PSD in partner countries part of a strategic approach geared to the overall objectives of EU External Policy, while aligning with the priorities of the country/region and maximizing its VA, including in terms of synergies with other actors and other types of Commission support?</b>
<b>Other relevant information (not captured elsewhere)</b>	
<b>JC 2.1</b>	<b><i>Commission geared PSD support towards overall EU external policy objectives</i></b>
<b>Findings at JC level</b>	EU external policy objectives were taken into account during the design of Commission programming, including PSD programming, in Kenya during the evaluation period. In addition, several stakeholders noted linkages between the Commission's activities and two objectives: (i) integration into the world economy and (ii) poverty reduction. However, several private sector stakeholders also noted that the Commission's PSD activities often targeted government beneficiaries with limited trickle down impact in terms of poverty reduction.
<b>I-2.1.1</b>	Relation between overall EU external policy objectives and Commission PSD support is explicitly identified in Commission policy documentation
<b>I-2.1.2</b>	Programming documentation explicitly relates PSD interventions to overall EU external policy objectives
<b>I-2.1.3</b>	Stakeholders consider that Commission PSD support has contributed to the achievement of overall EU external policy objectives
<b>I-2.1.1</b>	The link between Commission PSD support and EU external policy objectives is outlined in the key Commission policy documentation, namely, the Country Strategy Papers 2002-2007 and 2007-2013. In particular, integration into the world economy and poverty reduction are discussed. <i>Source: EC, Country Strategy Paper in Kenya 2003-2007; EC, Country Strategy Paper in Kenya 2007-2013</i>
<b>I-2.1.2</b>	Programming documentation explicitly cites overall EU external policy objectives in relation to cooperation with Kenya, e.g.: <i>"The primary and overarching objective of EU development policy is the <b>eradication of poverty</b> in the context of sustainable development, in line with the international agenda and paying particular attention to the Millennium Development Goals (MDGs). <b>Human rights and good governance</b> are other important objectives."</i> But no connection is made between PSD programming as such, and these overarching goals. <i>Source: EC, Country Strategy Paper in Kenya 2003-2007; EC, Country Strategy Paper in Kenya 2007-2013</i>
<b>I-2.1.3</b>	Several stakeholders, including Commission staff in Kenya, noted that the Commission's activities in Kenya were linked to EU external policy objectives, including in particular integration into the world economy and poverty reduction. However, some private sector stakeholders argued that the Commission' PSD activities did not sufficiently relate to poverty reduction, in part due to the absence of a "trickle-down" effect from capacity building of government ministries to private sector organizations. <i>Sources: MN531, 538, 539, 533.</i>



<b>JC 2.2</b>	<b><i>The Commission applied explicit policies and guidelines to make sure that its support to PSD was part of a strategic approach</i></b>
Findings at JC level	
I-2.2.1	Existence of policy documents and guidelines that explicitly tackle the importance of a strategic (prioritised) approach towards PSD alongside the different dimensions mentioned
I-2.2.2	These policies and guidelines were utilised for the design of PSD strategies at country/ regional level and for the programming
I-2.2.3	Commission staff expressed the view that the guidance provided was appropriate
I-2.2.1	<i>See I-2.2.3 below.</i>
I-2.2.2	<i>See I-2.2.3 below.</i>
I-2.2.3	Commission staff were aware of and used the PSD Guidelines 2003/2005, the Reference Document 2010 and the COM(267)2003. Staff expressed the view that the documents and guidelines were useful to a reasonable extent. <i>Sources: MN531, 538</i>
<b>JC 2.3</b>	<b><i>The PSD strategies and programming of the Commission took into account the national/regional priorities</i></b>
Findings at JC level	
I-2.3.1	The Commission conducted a policy dialogue with national authorities on PSD strategies
I-2.3.2	CSPs/RSPs clearly link the Commission PSD support to national/regional overall and PSD specific strategies and programming
I-2.3.3	Stakeholders consider that Commission support to PSD is aligned to the overall and sector specific national priorities
I-2.3.1	
I-2.3.2	The Country Strategy Papers draw an explicit link between Commission support and the national/regional growth strategies and targets, including Vision 2030. No explicit link is drawn between PSD programming, in particular, and national strategies, however. <i>Source: EC, Country Strategy Paper in Kenya 2003-2007; EC, Country Strategy Paper in Kenya 2007-2013</i>
I-2.3.3	As per I-2.6.3. below, several stakeholders, both inside the Commission and among private sector organizations and representative groups, noted that the Commission' PSD activities in Kenya over the evaluation period clearly focused on institutional and regulatory reforms rather than micro or meso level activities. Stakeholders also noted that this agenda aligned with the government of Kenya's own strategies for growth, including the Vision 2030 agenda. <i>Sources: MN531, 538, 537, 539</i>
<b>JC 2.4</b>	<b><i>The potential VA of the Commission geared its decisions on the nature of the support it would provide</i></b>

<b>Findings at JC level</b>	Very little evidence was found of the Commission designing its PSD support with a view to exploit its added value in Kenya.
<b>I-2.4.1</b>	Types of potential VA the Commission considered it could offer when providing support to PSD (as attested for instance by overall documents on the Commission's PSD strategy)
<b>I-2.4.2</b>	Overall approach of the Commission to ensure that its PSD support would be geared, among other things, by its potential VA
<b>I-2.4.3</b>	References in strategy documents at country/ regional level to the potential VA of the Commission when providing support to PSD
<b>I-2.4.4</b>	Stakeholders consider that the Commission's country and regional strategies took into account the Commission's potential VA and are able to identify such VA
<b>I-2.4.1</b>	
<b>I-2.4.2</b>	
<b>I-2.4.3</b>	Programming documents do not make specific reference to Commission VA when providing support to PSD <i>Source: EC, Country Strategy Paper in Kenya 2003-2007; EC, Country Strategy Paper in Kenya 2007-2013</i>
<b>I-2.4.4</b>	No stakeholders provided testimony that the EC had designed its PSD support with a view to exploiting its added value in Kenya over the evaluation period. <i>Sources: MN530-545.</i>
<b>JC 2.5</b>	<b><i>The potential synergies of the Commission with other actors and other types of Commission support geared its decisions on the nature of the support it would provide.</i></b>
<b>Findings at JC level</b>	
<b>I-2.5.1</b>	Commission documents that lay down the overall (not country specific) PSD strategy of the Commission require that the Commission PSD strategies and interventions are chosen on the basis of, among other things, synergies with support provided by other actors or other types of Commission support
<b>I-2.5.2</b>	CSPs/RSPs and programming documents highlight synergies with support provided by other actors or other types of Commission support
<b>I-2.5.3</b>	Stakeholders consider that synergies with support provided by other actors or other types of Commission support been a key criterion for deciding on the nature of the support to be provided
<b>I-2.5.1</b>	
<b>I-2.5.2</b>	
<b>I-2.5.3</b>	Donor coordination was ensured with respect to PSD since 2006 via the donor coordination group on PSD, which the Commission chaired. The group met on a regular basis and included Member State donor agencies (DFID, the Dutch Embassy) and others (eg African Development Bank and UNIDO). Some members of the group noted, however, that activities did not extend to designing joint activities and were instead largely limited to information sharing. One member state agency representative noted that joint activities with the

	<p>Commission were not an option due to the long programming schedule (7 yrs) that the Commission followed when compared to member state agencies (normally 2-4 yrs).</p> <p>Moreover, with specific respect to the EIB, it was noted that the EIB staff in Nairobi were largely unaware of the Commission's PSD activities in Kenya.</p> <p>Sources: MN531, 538, 537, 539</p>
<b>JC 2.6</b>	<b><i>The Commission's PSD strategies and programming were clearly prioritised and part of a wider Commission strategy in the country/region</i></b>
<b>Findings at JC level</b>	
<b>I-2.6.1</b>	Commission strategy/programming documents explain how the Commission's PSD strategy fits into the wider Commission's country/regional strategies and priorities
<b>I-2.6.2</b>	Commission strategy/programming documents explain how the Commission's have been prioritised with regard to the PSD needs of the country
<b>I-2.6.3</b>	Stakeholders consider that the Commission's PSD support was part of a wider prioritised approach of the Commission in the country/region as well as prioritised with respect to PSD need of the country
<b>I-2.6.4</b>	A methodological procedure has been adopted for selecting areas of intervention per country, as per the 2005 Evaluation Recommendation RI-1, including: an assessment of priority needs; selection of interventions with Commission comparative advantage; and an assessment of whether pre-conditions of intervention are met
<b>I-2.6.1</b>	
<b>I-2.6.2</b>	<p>Commission programming documents relate the Commission's activities to the national priorities of the Kenyan government, including the growth and poverty reduction strategies and the Vision 2030 agenda.</p> <p>Source: EC, <i>Country Strategy Paper in Kenya 2003-2007</i>; EC, <i>Country Strategy Paper in Kenya 2007-2013</i></p>
<b>I-2.6.3</b>	<p>Several stakeholders, both inside the Commission and among private sector organizations and representative groups, noted that the Commission' PSD activities in Kenya over the evaluation period clearly focused on institutional and regulatory reforms rather than micro or meso level activities.</p> <p>Stakeholders also noted that this agenda aligned with the government of Kenya's own strategies for growth, including the Vision 2030 agenda.</p> <p>Sources: MN531, 538, 537, 539</p>
<b>I-2.6.4</b>	
<b>JC 2.7</b>	<b><i>The Commission designed its PSD support so as to promote gender equality, good governance, and combat environmental degradation and HIV</i></b>
<b>Findings at JC level</b>	The Commission did not appear to design its PSD strategies in particular in order to promote the achievement of cross cutting objectives including those outlined above. However, the programming documents for Kenya over the evaluation period do take these issues into account across the board.
<b>I-2.7.1</b>	Commission strategy/programming documents explain how the Commission's

	PSD strategy and specific intervention will contribute to the above mentioned crosscutting issues
<b>I-2.7.2</b>	Stakeholders consider that when designing its support, the Commission took into account the above mentioned cross-cutting issues
<b>I-2.7.1</b>	<p>Commission strategy documentation make significant and extensive reference to these cross-cutting issues, particularly including HIV/AIDS and good governance. For example, the Country Strategy Paper 2007-2013 notes that, for the 10<sup>th</sup> EDF:</p> <p><i>“Cross-cutting issues will include: (i) democracy, good governance and human rights; (ii) gender equality and equity; (iii) environmental sustainability; (iv) the fight against HIV/AIDS; and (v) conflict management and peace-building. However, little reference is made to the specific role of PSD activities in this regard.”</i></p> <p>However, no linkage is made between these aspects and the Commission’s PSD support.</p> <p><i>Source: EC, Country Strategy Paper in Kenya 2003-2007; EC, Country Strategy Paper in Kenya 2007-2013</i></p>
<b>I-2.7.2</b>	<p>Stakeholders did not consider that Commission PSD support in Kenya specifically targeted the cross cutting issues listed above.</p> <p><i>Sources: MN531, 538, 537, 539</i></p>
<b>JC 2.8</b>	<b><i>The Commission PSD activities have contributed to the decent work agenda and/or the improvement of core labour standards and rights of the worker</i></b>
<b>Findings at JC level</b>	<p>The Commission’s PSD activities did not target the decent work agenda and/or the improvement of core labour standards and rights of the worker in Kenya.</p> <p><i>Sources: MN531, 538</i></p>
<b>I-2.8.1</b>	EC macro-economic and policy interventions targeted the decent work agenda and/or improvement of core labour standards and social governance in beneficiary countries during the evaluation period
<b>I-2.8.2</b>	Regulations passed on core labour standards and/or social governance in beneficiary countries during the evaluation period
<b>I-2.8.1</b>	<p>The EC’s PSD interventions in Kenya did not target the decent work agenda or core labour standards.</p> <p><i>Sources: MN531, 538</i></p>
<b>I-2.8.2</b>	

<b>EQ 3</b>	<b>To what extent did the set of Commission funding vehicles and aid modalities for supporting PSD strategies and activities of partner countries and regions result in the provision of timely responses at a reasonable cost to the challenges faced by the private sector in third countries, while fostering synergies among each other and with vehicles offered by other actors?</b>
<b>Other relevant information (not captured elsewhere)</b>	
<b>JC 3.1</b>	<b><i>The set of funding vehicles or aid modalities developed by the Commission at general level to support partner country PSD strategies and activities aimed at covering the range of challenges faced by the private sector in third countries, while bearing in mind efficiency and synergies</i></b>
<b>Findings at JC level</b>	
<b>I-3.1.1</b>	Documents outlining the rationale of each modality/ instrument with respect to PSD identify the specific challenges to which it should respond
<b>I-3.1.2</b>	Commission documents explain how the <u>set</u> of instruments/modalities covers the needs of the private sector in a comprehensive manner, while fostering efficiency and synergies
<b>I-3.1.3</b>	Stakeholders consider that the Commission's set of instruments was designed with a view to tackle challenges while fostering efficiency and synergies
<b>I-3.1.1</b>	Neither programming documents (CSPs) nor project documentation outline the rationale of each modality or instrument used for PSD support in Kenya. <i>Source: EC, Country Strategy Paper in Kenya 2003-2007; EC, Country Strategy Paper in Kenya 2007-2013</i>
<b>I-3.1.2</b>	As above, no specific consideration of this point is present in the programming documentation, which does not outline the set of instruments/modalities covering private sector development support in Kenya. <i>Source: EC, Country Strategy Paper in Kenya 2003-2007; EC, Country Strategy Paper in Kenya 2007-2013</i>
<b>I-3.1.3</b>	Non-EC stakeholders were on the whole unaware of the set of Commission instruments available for PSD support, and expressed no views on their appropriateness. <i>Sources: MN530-545</i>
<b>JC 3.2</b>	<b><i>When designing its support for partner country PSD strategies and activities in specific countries or regions, the Commission's choice of funding vehicles or aid modalities was geared towards the specificity of challenges, the expected efficiency and the potential synergies with other vehicles or modalities</i></b>
<b>Findings at JC level</b>	
<b>I-3.2.1</b>	Justification of the choice of instruments in strategy and programming documents at country/regional level
<b>I-3.2.2</b>	Justification of the choice provided by Commission representatives

I-3.2.1	As per I-3.1.1, the programming documents do not justify the choice of instruments for PSD support in Kenya. <i>Source: EC, Country Strategy Paper in Kenya 2003-2007; EC, Country Strategy Paper in Kenya 2007-2013</i>
I-3.2.2	
<b>JC 3.3</b>	<b><i>The level at which the Commission intervened (national, regional, supra-regional) was appropriate to meet the specific challenges in terms of PSD</i></b>
<b>Findings at JC level</b>	
I-3.3.1	Strategy and programming documents show evidence that the intervention level was selected on the basis of a consideration of the challenges being addressed.
I-3.3.2	Stakeholders consider that the selection of intervention levels made by the Commission across the board of its PSD interventions, has been appropriate to the challenges being addressed
I-3.3.3	Stakeholders consider that the selection of intervention levels made by the Commission has enabled synergies and cross-fertilisation to develop between countries and regions.
I-3.3.1	Whilst programming documents do outline the selection criteria of the focal and non-focal areas of support in great detail, no specific justification of the intervention level with regard to PSD support in particular is presented. <i>Source: EC, Country Strategy Paper in Kenya 2003-2007; EC, Country Strategy Paper in Kenya 2007-2013</i>
I-3.3.2	Stakeholders on the whole expressed no view on this point. However, some stakeholders did note the importance of regional programming in Kenya, given the increasing role it plays in East African trade. Examples such as the multi-donor Trademark East Africa programme, which supports regional trade including elements of PSD (e.g., quality standards and value chains), were cited as good practice. The majority of Commission support to PSD has been at the national level, however. <i>Sources: MN530-545</i>
I-3.3.3	
<b>JC 3.4</b>	<b><i>The implementation showed that funding vehicles or aid modalities were appropriate to tackle challenges and to do so efficiently and in synergy with other vehicles</i></b>
<b>Findings at JC level</b>	
I-3.4.1	Evidence provided in reports on the support concerning the appropriateness of instruments/modalities, their efficiency and synergies with other instruments/modalities
I-3.4.2	Stakeholders consider that instruments (specific instruments and/or the set of instruments) were appropriate and enhanced efficiency and synergies
I-3.4.1	
I-3.4.2	Stakeholder views on the appropriateness of Commission funding vehicles and aid modalities were very limited, with little opinion expressed for or against their

	<p>appropriateness.</p> <p>However, the core theme repeated by all stakeholders, except the Government of Kenya, was that channeling support to the private sector via the government was both ineffective and inefficient.</p> <ul style="list-style-type: none"> <li>- Specific concerns were raised by several stakeholders about the project management capacity of the ministry of trade, a key beneficiary of Commission support.</li> <li>- In contrast, the channelling of support with other donors as financing (rather than implementation) partners, where the EU played an active steering role, e.g., the IFC, yielded good results.</li> <li>- In addition, stakeholders also noted that, by channelling support via the government, the EU missed the opportunity for direct interactions with the Kenya private sector. This reduced visibility of the EU and made it harder for the EU programming to be responsive to evolving needs of the private sector.</li> </ul> <p><i>Sources: MN530-545</i></p>
<b>JC 3.5</b>	<b><i>Projects were implemented in line with planning, both in terms of timeliness and costs</i></b>
<b>Findings at JC level</b>	
<b>I-3.5.1</b>	Stakeholders consider that timing and planning do fit requirements of private sector actors
<b>I-3.5.2</b>	Evidence provided in reports on the extent to which planned timing and costs were respected
<b>I-3.5.3</b>	Views of stakeholders on the extent to which planned timing and costs were respected
<b>I-3.5.4</b>	Factors having enhanced or hampered the respect of planning in terms of time and costs as displayed in reports and invoked by stakeholders
<b>I-3.5.1</b>	
<b>I-3.5.2</b>	
<b>I-3.5.3</b>	<p>Stakeholders noted that there was a delay between the signature of the CSP for the 9<sup>th</sup> EDF and the implementation of programming. This delay contributed to a dislocation between strategy and implementation in Kenya. Attempts to catch up time and ensure closure meant that PSD support in Kenya became somewhat fragmented, with no single overarching strategic framework.</p> <p><i>Sources: MN530-545</i></p>
<b>I-3.5.4</b>	

<b>EQ 4</b>	<b>To what extent did the Commission contribute to make the institutional and regulatory framework more conducive to PSD?</b>
<b>Other relevant information (not captured elsewhere)</b>	Overall, several stakeholders reported positive perceptions of the Commission's contributions to institutional and regulatory reforms with respect to PSD. Commission staff and direct beneficiaries cited improved capacity at the ministry of trade, and several private sector representative bodies commented that the capacity of government officials and departments to deal with the private sector was an important area of need, and that the Commission activities were well targeted to support improvement in this regard. <i>Sources: MN530-545</i>
<b>JC 4.1</b>	<b><i>The Commission support was geared to tackling the main institutional and regulatory obstacles to PSD</i></b>
<b>Findings at JC level</b>	Commission activities targeted institutional capacity within the government of Kenya, which was cited by several stakeholders as a key need. The reform programme was well aligned to the national priorities and the Vision 2030 programme. The activities aimed at building ownerships within institutions and improving accountability, which was also highlighted as an area of need. <i>Sources: MN530-545</i>
<b>I-4.1.1</b>	Identification of the main obstacles to PSD in terms of macro-economic environment and institutional and regulatory framework in the country/region in official documents /studies (national strategies or other documents/studies), including both the domestic environment and obstacles to the integration in regional and world economies
<b>I-4.1.2</b>	Commission strategy and programming documents refer to the obstacles mentioned in I-4.1.1 and gear the support to the removal of these obstacles (or justify alternative approaches)
<b>I-4.1.3</b>	The private sector was consulted for determining the priorities for helping remove the main institutional and regulatory obstacles to PSD
<b>I-4.1.4</b>	Stakeholders, and in particular the private sector, consider that Commission support was geared towards priorities for helping remove the main institutional and regulatory obstacles to PSD
<b>I-4.1.5</b>	Number of technical and economic analyses/fora covering major strengths and weaknesses of the private sector in third countries conducted with Commission support or, in the case of pre-existing studies and fora, utilised by the Commission in developing PSD activities targeting regulatory and institutional frameworks.
<b>I-4.1.1</b>	Programming documents for Kenya do not explicitly identify the main obstacles to PSD in terms of Institutional and Regulatory reforms. Nevertheless, as highlighted above, many stakeholders cited the I&R activities as targeting the major obstacles in this area. <i>Sources: EC, Country Strategy Paper in Kenya 2003-2007; EC, Country Strategy Paper in Kenya 2007-2013</i>
<b>I-4.1.2</b>	See above.
<b>I-4.1.3</b>	No evidence was provided of a private sector consultation process in designing the Commission's PSD activities.



	<i>Sources: MN530-545; EC, Country Strategy Paper in Kenya 2003-2007; EC, Country Strategy Paper in Kenya 2007-2013</i>
<b>I-4.1.4</b>	As above, several private sector stakeholders noted that the Commission's I&R work was well targeted, in particular in addressing capacity gaps within Kenyan government bodies. <i>Sources: MN530-545</i>
<b>I-4.1.5</b>	No evidence was found of any such for a taking place with Commission support, or being used by Commission staff during programme design and implementation. <i>Sources: MN530-545</i>

<b>JC 4.2</b>	<b><i>The Commission has had strong policy dialogue on the institutional and regulatory frameworks</i></b>
<b>Findings at JC level</b>	
<b>I-4.2.1</b>	Number, level and depth of contacts with public authorities
<b>I-4.2.2</b>	Number, level and depth of contacts with other policy actors (e.g. business associations, non-state actors, IMF/WB, other donors)
<b>I-4.2.3</b>	Evidence exists of Commission leadership in or contribution to dialogue with policy actors
<b>I-4.2.4</b>	Evidence exists of Commission contribution to private-public dialogue
<b>I-4.2.1</b>	
<b>I-4.2.2</b>	Regular donor coordination groups were co-chaired by the Commission. The Commission was a participant in this group from 2006 until the end of the evaluation period, before which time the group was not in existence. The Commission was also in regular contact with IFC, with which it ran a joint programme. <i>Sources: MN530-545</i>
<b>I-4.2.3</b>	No such evidence was found in Kenya. However, government stakeholders did note that the Commission's emphasis on I&R reform helped to keep the issue high on the agenda within the government of Kenya, particularly the Ministry of Trade. Some stakeholders noted that the Commission played an active guiding role in this respect, whilst emphasizing particular areas of potential focus. <i>Sources: MN530-545</i>
<b>I-4.2.4</b>	No evidence of such contribution was found in Kenya, except indirectly by increasing the capacity of government ministries to engage in such dialogue. <i>Sources: MN530-545</i>
<b>JC 4.3</b>	<b><i>The institutional and regulatory frameworks have been strengthened</i></b>
<b>Findings at JC level</b>	
<b>I-4.3.1</b>	Reports / stakeholders show that new laws and regulations have been issued and are enforced
<b>I-4.3.2</b>	Reports / stakeholders show that required institutions have been created or developed and are operational
<b>I-4.3.3</b>	Evidence exists of Commission role in strengthening of institutional and regulatory frameworks
<b>I-4.3.4</b>	Stakeholders consider that Commission interventions have maximised local government commitment by ensuring they are in line with the government's own agenda, consulting with relevant stakeholders and proposing reforms at the local or sub-national level.
<b>I-4.3.1</b>	New laws and regulations were not the target of the Commission's I&R work in Kenya, which focused instead on improved institutional capacity. As such, this indicator is not applicable.
<b>I-4.3.2</b>	No new institutions were created, but stakeholders noted that the capacity of the ministry of trade did increase during the evaluation period. Some stakeholders disputed the sustainability of this, however.

	<i>Sources: MN530-545</i>
<b>I-4.3.3</b>	See notes under EQ4 title above, and I-4.2.3.
<b>I-4.3.4</b>	See notes under EQ4 title above, and I-4.2.3.
<b>JC 4.4</b>	<b><i>The strengthening of the institutional and regulatory framework has contributed to the creation, better functioning and growth of enterprises</i></b>
<b>Findings at JC level</b>	
<b>I-4.4.1</b>	Evidence that enterprises have benefited from an improved framework and environment
<b>I-4.4.1</b>	The impact of the Commission's activities on enterprises was not visible to any of the private sector stakeholders met during the field mission. One project, however, was noted to have a positive effect in terms of reducing regulatory costs to enterprises: the joint-IFC programme yielded an estimated saving of USD100m in terms of reduced regulatory burdens. <i>Sources: MN530-545</i>

EQ 5	To what extent did the Commission contribute to improve access to finance by enterprises?
<b>Other relevant information (not captured elsewhere)</b>	<p>The Commission's PSD support did not primarily target access to finance, which Commission staff felt was more well covered by other donors in Kenya (in particular DFID). Some activities were conducted in the area of access to finance in rural areas. Notably, the EU/ACP Microfinance Programme included one grant to K-REP Development Agency that enabled capacity building in rural microfinance institutions. However, beyond this, little evidence was found of micro-level results from Commission PSD activities in terms of financial access in Kenya.</p> <p><i>Sources: MN530-545</i></p>
<b>JC 5.1</b>	<p><i>The Commission's support was informed by an analysis of the country/region's main constraints in terms of access to finance for enterprises (whether they were primarily on the demand or on the supply side or both)</i></p>
<b>Findings at JC level</b>	
<b>I-5.1.1</b>	Existence of documented analysis of the countries'/regions main constraints in terms of access to finance (demand and supply side)
<b>I-5.1.2</b>	In its strategy/programming documents the Commission refers to these analyses
<b>I-5.1.3</b>	Stakeholders, in particular from the private sector, consider that the constraints identified are the right ones
<b>I-5.1.3</b>	The Commission support was geared towards tackling the constraints identified in these analyses
<b>I-5.1.5</b>	Number of Commission interventions in the area of access to finance that have been conducted in cooperation with other financial institutions
<b>I-5.1.1</b>	<p>Commission programming and project documentation did not include reference to or conduct of documented analyses of Kenya's major financial access constraints.</p> <p><i>Source: EC, Country Strategy Paper in Kenya 2003-2007; EC, Country Strategy Paper in Kenya 2007-2013; MN531, 538, 537, 539</i></p>
<b>I-5.1.2</b>	See I-5.1.1. above
<b>I-5.1.3</b>	<p>Whilst most stakeholders noted that the Commission was not a large actor in the access to finance sphere in Kenya over the evaluation period, it was also remarked by beneficiaries that the focus on rural access under the remit of the EU/ACP Microfinance Programme grant to K-REP was well placed, given the needs of the rural communities in Kenya and the relatively well developed financial system in urban areas.</p> <p><i>Sources: MN530-545</i></p>
<b>I-5.1.4</b>	As per I-5.1.1. above, these constraints did not feature in the Commission's broad approach to PSD in Kenya.
<b>I-5.1.5</b>	
<b>JC 5.2</b>	<p><i>At the macro-level, the Commission has addressed the constraints in the business environment for larger enterprises and MSMEs to develop</i></p>
<b>Findings at JC</b>	Commission PSD activities in Kenya did not directly target the improvement of

level	the business environment with a view to improving access to finance. <i>Sources: MN530-545</i>
I-5.2.1	Steps were taken to facilitate the creation of formal enterprises, through accessible procedures of registration
I-5.2.2	The Commission has supported the regulatory environment of financial intermediaries to facilitate their lending to, and/or investment in, MSMEs
I-5.2.1	Commission PSD activities in Kenya did not directly target the improvement of the business environment with a view to improving access to finance. <i>Sources: MN530-545</i>
I-5.2.2	Commission PSD activities in Kenya did not directly target the improvement of the business environment with a view to improving access to finance. <i>Sources: MN530-545</i>
<b>JC 5.3</b>	<b><i>Support targeted enterprises that were facing difficulties in obtaining financial products and services</i></b>
Findings at JC level	Commission PSD activities in Kenya did not directly target the improvement of access to financial products and services by enterprises. <i>Sources: MN530-545</i>
I-5.3.1	The Commission had a specific approach to identify those enterprises that were facing difficulties in obtaining loan and investment funding
I-5.3.2	The Commission identified the specific constraints these enterprises were facing
I-5.3.3	The Commission support was geared to these enterprises and aimed at tackling their specific constraints, including specifically for MSMEs (core constraints of lack of capitalisation and lack of collateral)
I-5.3.1	Commission PSD activities in Kenya did not directly target the improvement of access to financial products and services by enterprises. <i>Sources: MN530-545</i>
I-5.3.2	Commission PSD activities in Kenya did not directly target the improvement of access to financial products and services by enterprises. <i>Sources: MN530-545</i>
I-5.3.3	Commission PSD activities in Kenya did not directly target the improvement of access to financial products and services by enterprises. <i>Sources: MN530-545</i>
<b>JC 5.4</b>	<b><i>At the meso-level, the Commission has supported the intermediary organisations supporting enterprises (large and MSMEs)</i></b>
Findings at JC level	
I-5.4.1	Stakeholders consider that the Commission has selected those private sector representative organisations that have a real impact
I-5.4.2	Intermediary Organisations supported by the Commission have, during the period of support, implemented activities designed to increase capacity of private sector enterprises to obtain funding from bank or non-banking institutions
I-5.4.1	
I-5.4.2	

<b>JC 5.5</b>	<b><i>The ability of enterprises to obtain financial products and services has been strengthened</i></b>
<b>Findings at JC level</b>	Commission PSD activities in Kenya did not directly target the improvement of access to finance for enterprises. <i>Sources: MN530-545; EC, Country Strategy Paper in Kenya 2003-2007; EC, Country Strategy Paper in Kenya 2007-2013</i>
<b>I-5.5.1</b>	Improvements in enterprises' capacities to submit bankable dossiers and evidence provided in this respect
<b>I-5.5.2</b>	Improvements in enterprises' accounting practices and evidence provided in this respect
<b>I-5.5.3</b>	Improvements in dealing with enterprises' lack of capitalisation (e.g. through seed money, venture capital) and lack of collateral (e.g. guarantee schemes) and evidence provided in this respect
<b>I-5.5.1</b>	
<b>I-5.5.2</b>	
<b>I-5.5.3</b>	
<b>JC 5.6</b>	<b><i>Supported financial institutions have improved their ability to mobilise funding and/or act as intermediaries</i></b>
<b>Findings at JC level</b>	Commission PSD activities in Kenya did not directly target the improvement of access to finance for enterprises. <i>Sources: MN530-545; EC, Country Strategy Paper in Kenya 2003-2007; EC, Country Strategy Paper in Kenya 2007-2013</i>
<b>I-5.6.1</b>	Commission strategy and programming documents foresee support for the mobilisation of private funding sources including private savings
<b>I-5.6.2</b>	Commission strategy and programming documents foresee support for more efficient financial markets
<b>I-5.6.3</b>	Central Bank monitoring data show an increase and diversification of private funding sources including private savings
<b>I-5.6.4</b>	Stakeholders consider there is a linkage between the observed evolutions in funding mobilisation and the Commission's support
<b>I-5.6.5</b>	Local financial institutions have improved their mobilisation and intermediation to effectively channel resources and adapt financial services/products to the needs of local enterprises and notably of MSMEs
<b>I-5.6.1</b>	
<b>I-5.6.2</b>	
<b>I-5.6.3</b>	
<b>I-5.6.4</b>	

I-5.6.5	
<b>JC 5.7</b>	<b><i>Among MSMEs, the Commission has addressed the constraints of micro-enterprises</i></b>
<b>Findings at JC level</b>	Commission PSD activities in Kenya did not directly target the improvement of access to finance for enterprises. <i>Sources: MN530-545; EC, Country Strategy Paper in Kenya 2003-2007; EC, Country Strategy Paper in Kenya 2007-2013</i>
<b>I-5.7.1</b>	The Commission has analysed the specific problems of micro-enterprises in countries of intervention
<b>I-5.7.2</b>	The Commission has addressed the capacity problems of micro-enterprises in terms of submitting bankable financing requests to financial intermediaries
<b>I-5.7.3</b>	The Commission has addressed the capacity problems of micro-enterprises in terms of management capacity, accounting, and transparency
<b>I-5.7.4</b>	Evidence that MSMEs have improved their access to finance and role of the Commission support in this respect
<b>I-5.7.1</b>	
<b>I-5.7.2</b>	
<b>I-5.7.3</b>	
<b>I-5.7.4</b>	

<b>EQ 6</b>	<b>To what extent did the Commission contribute to a better ability of enterprises, in particular SMEs, to compete and to access technology and new markets?</b>
<b>Other relevant information (not captured elsewhere)</b>	Enterprise competitiveness upgrading was not a focus of Commission activities in Kenya. More generally, the Commission did not intervene significantly in meso or micro levels in Kenya, at least not via direct links to the private sector or representative bodies of it. The majority of Commission support was delivered through government bodies and targeted institutional and regulatory reform. This was unlike other donors in Kenya, e.g., DFID, which conducted several enterprise upgrading activities with private sector direct beneficiaries. Perhaps as a result, the private sector does not have a clear perception of the role that the Commission played in PSD over the evaluation period, with several stakeholders in private sector representative organisation showing less awareness of Commission activities than those of other donors.
<b>JC 6.1</b>	<b><i>The Commission's support to enterprise competitiveness was targeted on the basis of an analysis of the main shortcomings of enterprises in terms of competitiveness</i></b>
<b>Findings at JC level</b>	Enterprise competitiveness upgrading activities were not the focus of Commission PSD activities in Kenya over the evaluation period.
<b>I-6.1.1</b>	Existence of documented analysis of the main shortcomings of enterprises in terms of competitiveness, including forward studies and surveys of key sectors or subsectors in regions/countries concerned
<b>I-6.1.2</b>	In its strategy/programming documents the Commission refers to these analyses
<b>I-6.1.3</b>	Stakeholders, in particular from the private sector, consider that the shortcomings identified are the right ones
<b>I-6.1.4</b>	The Commission support was geared towards tackling the shortcomings identified in these analyses
<b>I-6.1.5</b>	A critical mass of enterprises facing competitiveness problems (grouped by sector, or by potential exporting enterprises) has been targeted
<b>I-6.1.6</b>	PSD programming in the area of BDS and non-financial service provision has targeted sustainable reinforcement of the structures and functioning of local markets (as per Recommendation RI-2 of the 2005 Evaluation)
<b>I-6.1.7</b>	Number of BDS interventions aimed at reinforcing local BDS markets versus the number of interventions providing direct BDS services
<b>I-6.1.1</b>	No stakeholders met during field visits presented such studies or analyses. <i>Sources: MN530-545</i>
<b>I-6.1.2</b>	No prominent references to documented analyses of enterprise competitiveness were cited in the CSPs for Kenya over the evaluation period. <i>Sources: EC, Country Strategy Paper in Kenya 2003-2007; EC, Country Strategy Paper in Kenya 2007-2013</i>
<b>I-6.1.3</b>	The Commission did not target improvements to enterprise competitiveness in Kenya during the evaluation period. Consequently, stakeholders expressed no views on the appropriateness of Commission activities in this regard. <i>Sources: MN530-545</i>
<b>I-6.1.4</b>	As per above, the Commission did not target improvements to enterprise competitiveness in Kenya during the evaluation period.



	<i>Sources: MN530-545; EC, Country Strategy Paper in Kenya 2003-2007; EC, Country Strategy Paper in Kenya 2007-2013</i>
I-6.1.5	As above.
I-6.1.6	As above.
I-6.1.7	As above.
<b>JC 6.2</b>	<b><i>The delivery channels or IOs for this support were appropriate and able to deliver</i></b>
<b>Findings at JC level</b>	Enterprise competitiveness upgrading activities were not the focus of Commission PSD activities in Kenya over the evaluation period. Consequently, the indicators below are not applicable to Kenya.
I-6.2.1	Commission programming documents and stakeholders show that intermediary organisations were selected on the basis of their ability to deliver
I-6.2.2	Monitoring/evaluation reports and/or stakeholders provide evidence that selected intermediary organisations delivered
I-6.2.3	Monitoring/evaluation reports and/or stakeholders provide evidence that key follow-up at the level of intermediary organisations occurred
I-6.2.4	Monitoring/evaluation reports and/or stakeholders provide evidence to show that institutions for business development services have been strengthened in a sustainable manner
I-6.2.1	N/A
I-6.2.2	N/A
I-6.2.3	N/A
I-6.2.4	N/A
<b>JC 6.3</b>	<b><i>Enterprises that benefited from Commission support have been upgraded and accessed new markets</i></b>
<b>Findings at JC level</b>	Enterprise competitiveness upgrading activities were not the focus of Commission PSD activities in Kenya over the evaluation period. Consequently, the indicators below are not applicable to Kenya.
I-6.3.1	Evidence exists of follow-up after cooperation meetings and agreements in terms of upgrading of enterprises (development of skills, know-how, managerial, market knowledge, etc.), and adequate targeting of key sectors
I-6.3.2	Number of business to business cooperation and promotion meetings which gave rise to increased trade exchanges and enhanced export prospects
I-6.3.3	Number of business to business cooperation and promotion meetings which gave rise to durable partnerships enhancing business opportunities and sustainable enterprise prospects
I-6.3.4	Monitoring reports demonstrate a systematic flow of know-how resulting from such activities

<b>I-6.3.1</b>	N/A
<b>I-6.3.2</b>	N/A
<b>I-6.3.3</b>	N/A
<b>I-6.3.4</b>	N/A

<b>JC 6.4</b>	<b><i>Enterprises that benefited from Commission support have increased their access to technology</i></b>
<b>Findings at JC level</b>	Enterprise competitiveness upgrading activities were not the focus of Commission PSD activities in Kenya over the evaluation period. Consequently, the indicators below are not applicable to Kenya.
<b>I-6.4.1</b>	Monitoring reports show that new technology, including European technology, has been mobilised by enterprises in Partner Countries
<b>I-6.4.2</b>	Stakeholders interviews indicate that such technology transfers has heightened their competitiveness
<b>I-6.4.3</b>	Monitoring reports indicate that the volume of technology transfers has been important for enterprises and relevant target sectors
<b>I-6.4.1</b>	N/A
<b>I-6.4.2</b>	N/A
<b>I-6.4.3</b>	N/A

<b>EQ 7</b>	<b>To what extent did Commission support contribute to increased cross-border investment in partner countries' private sectors?</b>
<b>Other relevant information (not captured elsewhere)</b>	Commission contributions to investment promotion were very limited in Kenya over the evaluation period. No specific interventions were conducted at enterprise level, but one programme, the Kenya Investment Climate Programme, did target the issue at the institutional level. <i>Source: MN531, 537, 538</i>
<b>JC 7.1</b>	<b><i>The Commission's support was targeted on the basis of an analysis of the needs of enterprises</i></b>
<b>Findings at JC level</b>	No specific analysis of enterprise investment needs was conducted during the design of the Commission's PSD activities in Kenya, none of which actually conducted investment promotion activities themselves. <i>Source: EC, Country Strategy Paper in Kenya 2003-2007; EC, Country Strategy Paper in Kenya 2007-2013 MN530-545</i>
<b>I-7.1.1</b>	Enterprises needs analyses provided in regional/country surveys or through other means
<b>I-7.1.2</b>	Evidence in programming documentation on the Commission's knowledge of potential European sources of investment when organising investment promotion activities
<b>I-7.1.3</b>	Elements provided in programming documentation and/or by stakeholders showing that the Commission's support was based on these needs analyses and that the Commission had a prioritised approach in selecting groups of beneficiary enterprises
<b>I-7.1.1</b>	No investment needs analyses were included in regional/country strategy papers for Kenya. <i>Source: EC, Country Strategy Paper in Kenya 2003-2007; EC, Country Strategy Paper in Kenya 2007-2013</i>
<b>I-7.1.2</b>	See I-7.1.1. above
<b>I-7.1.3</b>	See I-7.1.1. above
<b>JC 7.2</b>	<b><i>The Commission has supported the development of investment-related intermediary organisations, and these IOs have effectively engaged in investment promotion</i></b>
<b>Findings at JC level</b>	
<b>I-7.2.1</b>	Number of Investment Promotion Agencies (IPAs) and other investment intermediaries supported
<b>I-7.2.2</b>	Monitoring reports contain evidence of improvements in the performance of IOs in the supply of investment support
<b>I-7.2.3</b>	Number of investment promotion events that gave rise to actual additional investment
<b>I-7.2.1</b>	The Kenya Investment Climate Programme included capacity building support to one investment promotion agency. <i>Sources: MN530-545</i>

I-7.2.2	No record of monitoring results was found during the evaluation. <i>Sources: MN530-545</i>
I-7.2.3	No record of monitoring results was found during the evaluation. <i>Sources: MN530-545</i>
<b>JC 7.3</b>	<b><i>The Commission has supported investment related business to business meetings &amp; investment promotion events, and these have had identifiable results</i></b>
Findings at JC level	
I-7.3.1	Number of investment promotion meetings & events organised
I-7.3.2	Monitoring reports contain evidence of investment mobilisation resulting from such events, and stakeholders confirm such results
I-7.3.3	Commission follow-up steps have been taken to enhance the results of investment promotion activities
I-7.3.4	Also see answers to indicators I-6.3.2 and I-6.3.3 above
I-7.3.1	Monitoring of investment promotion outcomes was not reported by stakeholders at the EU Delegation. <i>Sources: MN530-545</i>
I-7.3.2	See I-7.3.1 above
I-7.3.3	See I-7.3.1 above
I-7.3.4	See I-7.3.1 above
<b>JC 7.4</b>	<b><i>Commission support has encouraged FDI</i></b>
Findings at JC level	
I-7.4.1	Reports exist that document the mobilisation of investment flows as a result of Commission support
I-7.4.2	In the absence of actual financial investment, the Commissions reports demonstrate that potential has been created for later investment resulting from business partnerships
I-7.4.1	
I-7.4.2	
<b>JC 7.5</b>	<b><i>SMEs were adequately targeted by comprehensive provision of investment related services</i></b>
Findings at JC level	
I-7.5.1	Regional and country surveys and studies indicate that SMEs were among the Commission's priorities
I-7.5.2	Intervention documentation evidences that SMEs have been duly targeted
I-7.5.3	Monitoring reports contain evidence of investment mobilisation benefiting SMEs

<b>I-7.5.1</b>	No surveys or country studies reviewed during the evaluation indicated that SME investment promotion was one of the Commission's priorities during the evaluation. On the contrary, Commission staff in Kenya noted that investment promotion as a whole was not a focus of PSD interventions in the country. <i>Sources: MN531, 538, 537, 539</i>
<b>I-7.5.2</b>	See I-7.5.1 above
<b>I-7.5.3</b>	See I-7.5.1 above

<b>EQ 8</b>	<b>To what extent has the Commission PSD support contributed to facilitate the generation of employment?</b>
<b>Other relevant information (not captured elsewhere)</b>	
<b>JC 8.1</b>	<b><i>The Commission monitors employment effects</i></b>
<b>Findings at JC level</b>	
<b>I-8.1.1</b>	Description of Commission practices in terms of monitoring of employment effects (e.g. specific indicators defined)
<b>I-8.1.2</b>	Evolution of employment figures included in beneficiary progress reports to Commission
<b>I-8.1.1</b>	The EU Delegation did not monitor employment effects of its PSD activities in Kenya. In some cases, such as MESPT, there were potential employment effects. However, in the majority of cases, the support targeted capacity building of public sector institutions without tangible direct links to private sector employment figures. Monitoring of employment effects was therefore not prioritized. <i>Sources: MN530-545</i>
<b>I-8.1.2</b>	<i>See I-8.1.1 above</i>
<b>JC 8.2</b>	<b><i>Generation of employment has been a concern of the Commission when providing PSD support</i></b>
<b>Findings at JC level</b>	
<b>I-8.2.1</b>	Commission strategy and programming documents explain how supported interventions will contribute to employment
<b>I-8.2.2</b>	Available reports explain how Commission support aimed at and did contribute to employment
<b>I-8.2.3</b>	Stakeholders consider that Commission interventions aimed at and did contribute to the generation of employment
<b>I-8.2.1</b>	Commission strategy and programming documentation applicable specifically to PSD support in Kenya do not link the Commission's PSD support to employment effects. The CSP for the 10 <sup>th</sup> EDF does, however, highlight the links outlined in the government of Kenya's private sector development strategy, thus demonstrating awareness of the potential linkages without relating them to the Commission's PSD activities in particular. <i>Source: EC, Country Strategy Paper in Kenya 2003-2007; EC, Country Strategy Paper in Kenya 2007-2013</i>
<b>I-8.2.2</b>	
<b>I-8.2.3</b>	Several stakeholders expressed the view that private sector development was especially important for employment generation in Kenya, given the high youth unemployment and relatively high education levels. Indeed, the needs for employment was felt particularly acutely in the context of high youth unemployment and the potential for instability and crime, such as was seen in the

	<p>post election violence of 2008.</p> <p>There is no evidence, however, that stakeholders consider the Commission's PSD activities to have improved employment in Kenya.</p> <p>Moreover, Commission staff argued that employment was not a consideration of the Commission' PSD programming in Kenya. Rather, employment issues (including decent work, CSR etc) are dealt with by another EU Delegation section (social section). They are thus not integrated in the design of PSD programming in the country.</p> <p><i>Sources: MN530-545</i></p>
<b>JC 8.3</b>	<b><i>Commission support to formalisation of MSMEs has contributed to increased employment opportunities</i></b>
<b>Findings at JC level</b>	The Commission did not provide direct support to MSMEs in Kenya.
<b>I-8.3.1</b>	Evolution of employment figures within MSME sector in beneficiary countries during evaluation period
<b>I-8.3.2</b>	Number of MSMEs created in beneficiary countries during evaluation period
<b>I-8.3.1</b>	
<b>I-8.3.2</b>	
<b>JC 8.4</b>	<b><i>Commission SBS has increased private sector employment opportunities in the sectors supported</i></b>
<b>Findings at JC level</b>	
<b>I-8.4.1</b>	Evolution of employment figures in the sectors supported by Commission SBS during evaluation period
<b>I-8.4.1</b>	
<b>JC 8.5</b>	<b><i>Commission support has contributed to the transition of entrepreneurs from the informal to the formal sector</i></b>
<b>Findings at JC level</b>	
<b>I-8.5.1</b>	Commission strategy and programming documents foresee support for the transition from the informal to the formal sector
<b>I-8.5.2</b>	Improvements in the transition from the informal to the formal sector
<b>I-8.5.1</b>	<p>Commission programming documents do not specifically outline or target the informal economy in Kenya. Nevertheless, some projects did touch on this issue, including ASMEP, which included some sub projects working to encourage formalization of informal fishing enterprises, among other things. But the results were not systematically monitored in this regard.</p> <p><i>Source: EC, Country Strategy Paper in Kenya 2003-2007; EC, Country Strategy Paper in Kenya 2007-2013</i></p>
<b>I-8.5.2</b>	



<b>EQ 9</b>	<b>What was the Commission's added-value when providing support to PSD in third countries?</b>
<b>Other relevant information (not captured elsewhere)</b>	
<b>JC 9.1</b>	<i>The Commission PSD strategies were geared towards the provision of Commission-specific benefits, as compared to private sector initiatives, other financing modalities and support provided by other actors</i>
<b>Findings at JC level</b>	
<b>I-9.1.1</b>	Commission documents that lay down the overall (not country specific) PSD strategy of the Commission require that the Commission PSD strategies and interventions are chosen on the basis of, among other things, the specific benefits the Commission can provide
<b>I-9.1.2</b>	CSPs/RSPs and programming documents highlight the specific value added of the Commission support
<b>I-9.1.3</b>	Stakeholders consider that the potential value added of the Commission support has been a key criterion for deciding on the nature of the support to be provided
<b>I-9.1.1</b>	Commission programming documentation does not mandate that added value determines that choice of PSD interventions selected by the Commission in Kenya. Indeed, no explicit references are made to the Commission's added value in the 10 <sup>th</sup> EDF country strategy paper for Kenya. <i>Source: EC, Country Strategy Paper in Kenya 2003-2007; EC, Country Strategy Paper in Kenya 2007-2013</i>
<b>I-9.1.2</b>	See I-9.1.1. above
<b>I-9.1.3</b>	No stakeholders provided evidence to suggest that VA was a determining factor in the selection of Commission PSD programming in Kenya. <i>Sources: MN530-545</i>
<b>JC 9.2</b>	<i>The beneficiaries of Commission PSD support were not in a position to provide or to provide as swiftly and with the same results the support that was provided by the Commission</i>
<b>Findings at JC level</b>	
<b>I-9.2.1</b>	Evidence provided in strategy, programming documents and reports that show that beneficiaries at macro, meso- and micro level were not in a position to provide the support
<b>I-9.2.2</b>	Stakeholders consider that beneficiaries at macro, meso- and micro level were not in a position to provide the support
<b>I-9.2.1</b>	
<b>I-9.2.2</b>	
<b>JC 9.3</b>	<i>The Commission's grant support had specific benefits</i>

<b>Findings at JC level</b>	
<b>I-9.3.1</b>	Areas of PSD support selected by the Commission are generally not considered as fit for loan funding or for other financing modalities
<b>I-9.3.2</b>	Evidence provided in evaluation/ monitoring reports on the value added of the Commission through blending grant funding with other modes and sources of funding
<b>I-9.3.3</b>	Stakeholders consider that the Commission had value added through blending grant funding with other modes and sources of funding
<b>I-9.3.4</b>	Elements provided in strategy, programming documents, and reports that show other specific benefits of grant funding for the interventions
<b>I-9.3.5</b>	Stakeholders are able to show other specific benefits of the grant funding for the PSD support provided
<b>I-9.3.1</b>	Commission PSD support in Kenya primarily targeted capacity building of government ministries and other public sector bodies. For this purpose, loan funding would have been less appropriate overall than grant funding, and may have led to less activities being conducted due to the lack of finance available for the government of Kenya to repay additional loans.
<b>I-9.3.2</b>	The Commission did not primarily utilize grant-loan blending over the evaluation period with respect to PSD in particular in Kenya over the evaluation period. <i>Sources: MN530-545</i>
<b>I-9.3.3</b>	See I-9.3.2. above
<b>I-9.3.4</b>	
<b>I-9.3.5</b>	See I-9.4.6 below
<b>JC 9.4</b>	<b><i>The Commission had a specific value added compared to the support provided by other public actors, in particular but not only EU MS</i></b>
<b>Findings at JC level</b>	
<b>I-9.4.1</b>	Documents show and stakeholders consider that the Commission's support at country and/or intervention level was of significant financial weight compared to the support provided by other actors
<b>I-9.4.2</b>	Documents show and stakeholders consider that the Commission provided a technical expertise that could not be provided by other actors (to the extent possible to be broken down by area of intervention)
<b>I-9.4.3</b>	Documents show and stakeholders consider that the Commission infused EU best practice and standards through its support
<b>I-9.4.4</b>	Documents show and stakeholders consider that the Commission's procedures offered advantages compared to those of other actors
<b>I-9.4.5</b>	Documents show and stakeholders consider that the fact that the support was provided by the Commission as representing the EU offered specific advantages
<b>I-9.4.6</b>	Documents show and stakeholders consider provide examples of other types of

	VA
<b>I-9.4.1</b>	See I-9.4.6. below for the breakdown of stakeholder perceptions of Commission added value in Kenya.
<b>I-9.4.2</b>	See I-9.4.6. below for the breakdown of stakeholder perceptions of Commission added value in Kenya.
<b>I-9.4.3</b>	See I-9.4.6. below for the breakdown of stakeholder perceptions of Commission added value in Kenya.
<b>I-9.4.4</b>	See I-9.4.6. below for the breakdown of stakeholder perceptions of Commission added value in Kenya.
<b>I-9.4.5</b>	See I-9.4.6. below for the breakdown of stakeholder perceptions of Commission added value in Kenya.
<b>I-9.4.6</b>	<p>Stakeholder perceptions of Commission added value varied according to the stakeholder in question.</p> <p>In general, all stakeholders viewed the following as Commission added value:</p> <ul style="list-style-type: none"> <li>- Provision of guidance and insights at institutional level</li> <li>- Provision of expertise and experience on accountability and governance</li> <li>- Increased focus on cross cutting issues compared to other donors</li> </ul> <p>The private sector stakeholders, however, demonstrated less awareness of Commission AV than government and other stakeholders. This went hand in hand with a lower awareness of the Commission's activities in PSD in Kenya, potentially linked to the lack of direct Commission involvement in providing grants to the private sector at the micro level.</p> <p><i>Sources: MN530-545</i></p>

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<b>EQ 10</b>	<b>To what extent were the Commission's organisational set-up and management practices fit to a successful implementation of its PSD support?</b>
<b>Other relevant information (not captured elsewhere)</b>	
<b>JC 10.1</b>	<b><i>The devolution facilitated the implementation of the Commission PSD support</i></b>
<b>Findings at JC level</b>	
<b>I-10.1.1</b>	Stakeholders provide evidence that the devolution to delegations contributed to facilitating to the implementation of PSD support (e.g. better knowledge of local needs/priorities, better interaction with local stakeholders, notably of the private sector, etc.)
<b>I-10.1.2</b>	Stakeholders do not consider that there were major drawbacks of the devolution to delegations in terms of PSD support (e.g. less direct linkages with the European private sector, less coherence in the approach, etc.)
<b>I-10.1.3</b>	Stakeholders, such as major private sector operators in countries, are of the view that the EU Delegations make efforts to understand the private sector fabric and its constraints
<b>I-10.1.1</b>	Stakeholders presented a range of improvements following devolution, including: <ul style="list-style-type: none"> <li>- Increased proximity to the local stakeholders and private sector representative organisations</li> <li>- Increased flexibility and responsiveness in decision making</li> <li>- Increased interaction with development partners in the country</li> <li>- Increased quality and speed of proposal approvals.</li> </ul> However, it should also be noted that the majority of stakeholders outside the Delegation, NAO and government of Kenya were unaware of the devolution process. <i>Sources: MN530-545</i>
<b>I-10.1.2</b>	No such remarks were made by stakeholders during the field visit. <i>Sources: MN530-545</i>
<b>I-10.1.3</b>	Some stakeholders noted that the EU Delegation on the whole has a good understanding of private sector constraints in Kenya, in particular noting strong personnel in the private sector development unit at the Delegation. <i>Sources: MN530-545</i>
<b>JC 10.2</b>	<b><i>The division of responsibilities between different DGs did not hamper an optimal implementation of the Commission's PSD support in the different countries'/regions concerned</i></b>
<b>Findings at JC level</b>	
<b>I-10.2.1</b>	The Commission had formal mechanisms to ensure collaboration between its different DGs involved with PSD related matters, including in terms of transfer of knowledge on PSD support within and outside the EU
<b>I-10.2.2</b>	Stakeholders consider that Commission support in third countries has benefited

	from general PSD knowledge and networks present within the Commission
I-10.2.1	
I-10.2.2	
<b>JC 10.3</b>	<b><i>The Commissions' HR policy was conducive to an optimal design and implementation of its PSD support</i></b>
Findings at JC level	
I-10.3.1	Existence of a specific HR policy for the management of Commission support to PSD in third countries
I-10.3.2	Existence of sufficient dedicated staff specialised in PSD matters both at HQ and Delegation level
I-10.3.3	Existence of specialised PSD trainings for staff in charge of PSD matters
I-10.3.4	Staff in charge of the Commission's PSD support is conversant with PSD constraints, and are well aware of the strategy and guidance documents, as well as of specific tools developed by the Commission for implementation
I-10.3.5	Stakeholders consider that Commission HR policy was a strength/weakness of PSD support
I-10.3.1	No specific HR policy for PSD was seen at the EU Delegation in Kenya. <i>Sources: MN530-545</i>
I-10.3.2	EC staff and other stakeholders in Kenya noted that there is a high staff turnover at the Delegation, which has led to delays in decision-making at programme and project levels. In addition, staff noted that insufficient resources were available for communication of EC activities at EU Delegation level. This in turn led to lower visibility of Commission activities in this area among private sector stakeholders. <i>Sources: MN530-545</i>
I-10.3.3	No such training programmes were conducted at the EU Delegation in Kenya over the evaluation period. <i>Sources: MN530-545</i>
I-10.3.4	As per I-10.1.3 above, EU Delegation staff were credited as being aware of PSD constraints in Kenya. In addition, the Delegation staff expressed familiarity with Commission PSD Guidelines and Communications. <i>Sources: MN530-545</i>
I-10.3.5	
<b>JC 10.4</b>	<b><i>The Commission developed and used specific tools and guidance to facilitate the design and implementation of its PSD support</i></b>
Findings at JC level	
I-10.4.1	Description of available tools and guidance for the Commission support to PSD
I-10.4.2	Knowledge and use of these tools and guidance by Commission staff in charge of support to PSD
I-10.4.3	Commission staff expressed the view that these tools and guidance were useful

I-10.4.1	
I-10.4.2	As noted above, EU Delegation staff were conversant with the Commission PSD Guidelines 2003/2005 and the COM(267)2003 as well as the Reference Document no.10 (2010). Knowledge of the PSD Evaluation (2005) was more limited. <i>Sources: MN531, 538</i>
I-10.4.3	Commission staff expressed the view that the tools listed above were useful and used by them, though without noting any particular examples where the guidelines had helped them to design or implement a PSD programme. <i>Sources: MN530-545</i>
<b>JC 10.5</b>	<b><i>The Commission monitored/evaluated its support to PSD and used and disseminated the results</i></b>
<b>Findings at JC level</b>	
I-10.5.1	The Commission developed specific systems and sets of indicators to monitor and evaluate its support to PSD both at HQ and country level
I-10.5.2	The above mentioned monitor/evaluation systems were operational
I-10.5.3	The results of the monitoring and evaluations were disseminated and used to redirect strategies and programming
I-10.5.4	Stakeholders consider that monitoring and evaluation systems were useful to improve design and implementation of the PSD support
I-10.5.1	
I-10.5.2	
I-10.5.3	
I-10.5.4	
<b>JC 10.6</b>	<b><i>The Commission developed and used specific mechanisms to ensure capitalisation and sharing of its knowledge with respect to PSD</i></b>
<b>Findings at JC level</b>	
I-10.6.1	Description of existing mechanisms (networks, working groups, etc.) to ensure capitalisation of Commission knowledge on PSD both among Commission staff concerned with implementation of PSD support inside and outside the EU
I-10.6.2	Knowledge and involvement of staff concerned with PSD support in third countries with these mechanisms
I-10.6.3	Stakeholders expressed the view that these mechanisms are useful, with specific results generated and possible drawbacks
I-10.6.1	
I-10.6.2	EU Delegation staff noted that, whilst back up and support was available from the HQ through the channels mentioned above, much more could be done to improve. In particular, staff noted that no "PSD orientation" process was available, to provide direction for new EU Delegation staff regarding how to

	<p>implement the recommendations of the PSD Guidelines and Communications in their programming. Rather, EUD staff are “left alone to get on with it”, which only yields good results when the personnel in question are sufficiently motivated, capable and available.  <i>Sources: MN531, 538</i></p>
<b>I-10.6.3</b>	





## No. 18: Appui aux entreprises - Maroc

Programme d'Appui aux Entreprises (PAE) (MED/2002/005-691)	
<b>Type d'intervention</b>	Appui budgétaire général
	Appui budgétaire sectoriel
	✓ Approche projet
<b>Date de démarrage &amp; Date de clôture</b>	<ul style="list-style-type: none"> <li>▪ <i>Date démarrage:</i> 2003</li> <li>▪ <i>Date de clôture:</i> initialement 2008. La période d'exécution a été prolongée jusqu'à 2010.</li> </ul>
<b>Budget engagé, contracté, déboursé</b>	<ul style="list-style-type: none"> <li>▪ <i>Engagé:</i> €60m</li> <li>▪ <i>Contracté:</i> €58m</li> <li>▪ <i>Déboursé:</i> €53.5m</li> <li>▪ <i>Budget total:</i> €92.4m</li> </ul>
<b>Bénéficiaires</b>	<ul style="list-style-type: none"> <li>▪ <i>Bénéficiaires directs:</i> PME's marocaines, structures d'appui aux entreprises, le Fonds National de Mise à Niveau» (FOMAN)</li> <li>▪ <i>Bénéficiaires finaux :</i> industrie marocaine, le secteur bancaire</li> </ul>
<b>Pays/Région</b>	Maroc
<b>Description de l'intervention</b>	<p>L'intervention est composée de trois volets :</p> <ul style="list-style-type: none"> <li>▪ la « Qualité/Normalisation » visant à permettre à l'industrie marocaine d'atteindre un niveau de qualité compatible avec l'ouverture des frontières au sein de la Zone de libre - échange Euro - Méditerranéenne (ZLE)</li> <li>▪ la « Modernisation des PME » visant à moderniser les PME's marocaines et améliorer leur compétitivité en fonction des défis engagés par la création de la ZLE</li> <li>▪ le « Fonds national de mise à niveau – FOMAN visant à faciliter l'accès des PME marocaines au conseil de mise à niveau (consultance locale) et au financement des équipements.</li> </ul>
<b>Contexte et historique de l'intervention</b>	<p>Cette intervention s'inscrit dans le cadre de la mise en oeuvre de l'Accord de l'Association entre l'UE et le Maroc qui doit aboutir, en 2012, à l'élimination totale des droits de douane sur les produits industriels issus de l'UE et à la mise en place d'une zone de libre échange (ZLE). Ces engagements d'ouverture ont représenté un défi important pour de nombreuses entreprises marocaines devant mettre en œuvre des mesures de soutien à leur modernisation et à l'amélioration de leur compétitivité. En 2002 le Gouvernement marocain a décidé la création d'un Fonds national de mise à niveau (FOMAN) pour le financement des efforts de la mise à niveau. De plus, une loi formant une Charte de la PME a défini en août 2002 les orientations et les mesures de promotion au profit de la PME, et une Agence Nationale de Promotion de la PME (ANPME) a été mise en place en novembre 2002.</p>
<b>Objectifs globaux</b>	<p>L'objectif global du PAE est l'appui au développement et à la modernisation du secteur privé marocain, en particulier des petites et moyennes entreprises, dans la perspective de la libéralisation des échanges commerciaux.</p>
<b>Objectifs spécifiques</b>	<p>Les objectifs spécifiques du PAE, en lien avec chacune de ses composantes sont:</p> <p><b>Volet «Qualité/Normalisation»</b> Permettre à l'industrie marocaine d'atteindre un niveau de qualité compatible avec l'ouverture des frontières au sein de la Zone de libre - échange Euro - Méditerranéenne (ZLE).</p> <p><b>Volet «Modernisation des PME»</b> Contribuer à la modernisation des PME marocaines et améliorer leur compétitivité en</p>

	<p>fonction des défis engagés par la création de la ZLE.  <b>Volet «Fonds national de mise à niveau» (FOMAN)</b>                  Faciliter l'accès des PME marocaines au conseil de mise à niveau (consultance locale) et au financement des équipements.</p>
<b>Résultats attendus</b>	<p><b>Volet «Qualité/Normalisation»</b>                  - l'industrie marocaine dispose des normes, des standards et des procédures lui permettant d'atteindre un niveau de qualité compatible avec l'ouverture des frontières au sein de la Zone de Libre Echange ;                  -les cinq Centres Techniques sont opérationnels dans les secteurs ciblés  <b>Volet «Modernisation des PME»</b>                  - environ 300 entreprises ont bénéficié d'au moins une intervention et parmi celles-ci au moins 50% ont complété avec succès leur mise à niveau.                  - un Euro-Info-Centre a été créé et équipé (y compris en moyens informatiques et de communication)                  - l'expertise marocaine dans des domaines pertinents pour la mise à niveau sera renforcée  <b>Volet «Fonds National de Mise à Niveau» (FOMAN)</b>                  La mise à disposition des fonds par le Gouvernement marocain ainsi que la contribution financière du programme d'Appui aux Entreprises au FOMAN permettront de financer un certain nombre d'interventions auprès des PME marocaines.</p>
<b>Principales activités</b>	<p><b>Volet «Qualité/Normalisation»</b>                  - la consolidation du système national normatif, d'accréditation, de certification et d'évaluation de la conformité;                  - la création et l'équipement de cinq Centres Techniques spécialisés dans les secteurs Bois et Ameublement; Cuir et Tannerie; Automobile et Transport; Plasturgie, Chimie et Caoutchouc et des Nouvelles Technologies de l'Information et de la Communication  <b>Volet «Modernisation des PME»</b>                  - le conseil direct aux entreprises et la formation dans divers domaines (qualité, stratégie commerciale, réorganisation de la production, systèmes de gestion, conseil financier etc.);                  - la promotion du partenariat avec les entreprises européennes;                  - l'amélioration et la diffusion de l'information commerciale aux entreprises;                  - des actions groupées au travers ou sur l'initiative des structures d'appui aux entreprises.                  - le renforcement de la consultance marocaine et sa participation de façon croissante aux activités de mise à niveau et de modernisation des PME  <b>Volet «Fonds National de Mise à Niveau» (FOMAN)</b>                  - une contribution financière au FOMAN ;                  - un appui institutionnel aux Agences d'exécution (Agence Nationale de Promotion de la PME/ANPME et Caisse Centrale de Garantie/CCG) pour le démarrage du FOMAN ;                  - une contribution au changement d'attitude du secteur bancaire marocain par rapport au financement des PME via la formation de formateurs;                  - une information auprès des PME marocaines sur l'accès au et le fonctionnement du FOMAN.</p>

## No. 19: Capmezzanine – Morocco

Mise en place d'un fonds mezzanine « Capmezzanine »	
Intervention Type	General Budget Support
	Sector Budget Support
	✓ Technical assistance and EIB financial participation to a Moroccan investment fund
Start date & End date	<ul style="list-style-type: none"> <li>▪ <i>Start Date:</i> December 2007</li> <li>▪ <i>End Date:</i> December 2016</li> </ul> (Source: <i>Fiche from the 2010 FEMIP Risk capital Activities Annual Report</i> )
Budget: committed, contracted, disbursed	<ul style="list-style-type: none"> <li>▪ The EIB's participation represents 17.14% of the total.               <ul style="list-style-type: none"> <li>- Committed: €6m</li> <li>- Contracted: €6m</li> <li>- Disbursed: €2.5m (as of 31/12/2010)</li> </ul> </li> <li>▪ Other financial contributors: CDG (28.57%) and SCR (14.28%)</li> </ul> (Source: <i>Fiche from the 2010 FEMIP Risk capital Activities Annual Report</i> )
Beneficiary	<ul style="list-style-type: none"> <li>▪ <i>Direct Beneficiary:</i> (1) Beneficiary of the EIB's financial participation: Private equity fund (multi-sector), sponsored by CDG and co-investors (French CDC-Entreprises and institutional Moroccan investors), (2) Beneficiary of the TA: CDG Capital Private Equity, who managed the investment fund.</li> <li>▪ <i>End beneficiaries:</i> The Fund was to invest mainly in SMEs active in Morocco and in all sectors of the economy, aside from those traditionally not-eligible to EIB funding.</li> </ul> (source : BEI, <i>Proposition du Comité de Direction au Conseil d'Administration sur la prise de participation dans une société d'investissement – Opération sur capitaux à risques</i> , 12 juin 2007.).
Country/Region	Morocco
Intervention Description	<p>Private equity fund (multi-sector), sponsored by CDG Group and dedicated to SMEs operating in Morocco. Co-investors include French CDC-Entreprises and institutional Moroccan investors.</p> <p>The Fund is managed by CDG Capital Private Equity, a subsidiary of CDG Group.</p> (Source: <i>Fiche from the 2010 FEMIP Risk capital Activities Annual Report</i> )
Intervention Background & History	<p>The share of equity in the financing granted to Moroccan companies remains extremely low, despite growing demand from SMEs for equity and long-term financing. The launch of the Fund intended to help fill this gap by providing Moroccan businesses with resources necessary for their development, in a form suited to their needs.</p> <p>The Fund was to target companies and operations in need of mezzanine financing (e.g. leverage buy outs) by investing in hybrid products such as convertible bonds. TA was provided at the fund's inception by KPMG Luxembourg.</p> (Source: <i>Fiche from the 2010 FEMIP Risk capital Activities Annual Report</i> and BEI, <i>Proposition du Comité de Direction au Conseil d'Administration sur la prise de participation dans une société d'investissement – Opération sur capitaux à risques</i> , 12 juin 2007.).
Overall objectives	Introduction of a new financial product in Morocco, investment funds of the "mezzanine" type.
Specific objectives	Objectives of <u>the Investment Fund</u> : <ul style="list-style-type: none"> <li>▪ provide equity and quasi-equity investments primarily to Moroccan SMEs.</li> <li>▪ complement the supply of support by commercial banks and other investment funds by providing "mezzanine"-type funding for Moroccan companies as these form of</li> </ul>

	<p>intermediary financing, subordinated to senior debt, are particularly popular with businesses in the phases of shareholder reorganization, recapitalization and acquisition.</p> <p>(source : BEI, <i>Proposition du Comité de Direction au Conseil d'Administration sur la prise de participation dans une société d'investissement – Opération sur capitaux à risques</i>, 12 juin 2007.).</p> <p>Objectives of <u>the TA</u>:</p> <ul style="list-style-type: none"> <li>▪ provide the necessary support to the company managing the Fund to ensure international best practices are followed (internal control, procedures for investment and disinvestment process and for mezzanine operations, valuation, monitoring and reporting, etc.), and</li> <li>▪ provide adequate training to the management team on the structuring and monitoring of operations of mezzanine funding (due diligence, financial models, legal documentation, etc.).</li> </ul> <p>(Source: <i>Fiche from the 2010 FEMIP Risk capital Activities Annual Report</i>)</p>
<p><b>Expected results</b></p>	<p>The objective for the Fund is to achieve a gross Internal Rate of Return (IRR) of 25% and a net investor IRR (after fees and taxes) of between 12% and 20%.</p> <p>The Fund will have a minimum capital of MAD 250 million at first closing (approximately EUR 22.5 million). The aim of the promoters is to reach a capital of MAD 500 million at the second closing (45 million EUR).</p> <p>The company managing the Fund was also expected to benefit from the EIB's expertise as well as that of experts recruited through technical assistance.</p> <p>The Bank's participation in the Fund's capital was also expected to increase the chances of attracting other non-Moroccan investors.</p> <p>(source : BEI, <i>Proposition du Comité de Direction au Conseil d'Administration sur la prise de participation dans une société d'investissement – Opération sur capitaux à risques</i>, 12 juin 2007.).</p>
<p><b>Main Activities</b></p>	<p>The Fund had made, at the end of 2010, three investments in:</p> <ul style="list-style-type: none"> <li>▪ aluminum-based materials</li> <li>▪ fashion retailing</li> <li>▪ call centre operations</li> </ul> <p>(Source: <i>Fiche from the 2010 FEMIP Risk capital Activities Annual Report</i>)</p>

## No. 20: PAAP II - Maroc

Programme d'Appui aux Association Professionnelles Marocaines (PAAP II) (MED/2005/017-324)	
<b>Type d'intervention</b>	Appui budgétaire général
	Appui budgétaire sectoriel
	✓ Approche projet (Devis Programme)
<b>Date de démarrage &amp; Date de clôture</b>	<ul style="list-style-type: none"> <li>▪ <i>Date démarrage:</i> 2006</li> <li>▪ <i>Date de clôture:</i> initialement 2008, prolongée jusqu'à 2010.</li> </ul>
<b>Budget engagé, contracté, déboursé</b>	<ul style="list-style-type: none"> <li>▪ <i>Engagé:</i> €5m</li> <li>▪ <i>Contracté:</i> €4,9m</li> <li>▪ <i>Déboursé:</i> €3,4m</li> <li>▪ <i>Budget total:</i> €6,3m (€1,2m de contribution des bénéficiaires, c'est-à-dire les Associations Professionnelles et la Confédération Générale des Entreprises du Maroc (CGEM)).</li> </ul>
<b>Bénéficiaires</b>	Les bénéficiaires seront les Associations professionnelles (AP) et fédérations d'associations professionnelles marocaines désignées selon des critères d'éligibilité à agréer par le Comité de Pilotage et dont les propositions auront été sélectionnées sur base d'un appel à propositions. ( <i>source : convention de financement</i> )
<b>Pays/Région</b>	Maroc.
<b>Description de l'intervention</b>	Renforcement des capacités des Associations professionnelles au Maroc, leur représentativité, leur autonomie financière, leur poids sur la scène institutionnelle marocaine afin qu'elles améliorent leurs services aux entreprises qui se doivent de s'adapter à l'ouverture des marchés prévue sous l'Accord d' Association entre le Maroc et l'UE.
<b>Contexte et historique de l'intervention</b>	Avec la mise en œuvre de l'Accord d' Association entre le Maroc et l'UE, l'ensemble des secteurs économiques est concerné par l'ouverture des frontières. Les Associations Professionnelles (AP), constituent des vecteurs efficaces pour contribuer à la réussite de la mise a niveau à travers le soutien et les services qu'elles peuvent apporter aux entreprises.
<b>Objectifs globaux</b>	L'objectif global est d'accroître la compétitivité des entreprises et de renforcer leur capacité de mise à niveau à travers l'appui aux Associations Professionnelles (AP). ( <i>source : convention de financement</i> )
<b>Objectifs spécifiques</b>	<p>L'objectif spécifique est le renforcement des capacités opérationnelles des AP notamment au travers des mesures:</p> <ul style="list-style-type: none"> <li>▪ de développement des services à offrir à leurs membres,</li> <li>▪ d'amélioration de leur représentativité,</li> <li>▪ d'accroissement de leurs ressources générées par les services rendus,</li> <li>▪ de mutualisation des actions,</li> <li>▪ de renforcement des instruments de promotion et de communication des AP,</li> <li>▪ d'intégration des AP marocaines dans le contexte international,</li> <li>▪ d'incitation du Gouvernement à la mise en œuvre d'une politique plus propice au développement des AP.</li> </ul> <p>(<i>source : convention de financement</i>)</p>
<b>Résultats attendus</b>	<ul style="list-style-type: none"> <li>▪ Financement des plans d'action d'au moins une trentaine d'AP et de fédérations dans les secteurs prioritaires ;</li> <li>▪ Elaboration des stratégies de développement pour les AP et fédérations participantes ;</li> <li>▪ Pérennisation des ressources d'une trentaine d'AP par la mise en place de services leur permettant d'atteindre leur autonomie financière ;</li> <li>▪ Promotion des AP et amélioration de la représentativité d'une quinzaine d'associations</li> </ul>

	<p>nouvelles par rapport au PAAP I;</p> <ul style="list-style-type: none"> <li>▪ Intégration à l'échelle internationale d'une dizaine d'Associations Professionnelles ;</li> <li>▪ Renforcement du dialogue entre le Gouvernement et les associations professionnelles;</li> <li>▪ Développement et promotion du libre échange entre l'IVE et le Maroc;</li> <li>▪ Renforcement du partenariat (mise en réseau, jumelages, etc.) entre les AP marocaines et les AP de l'IVE et des autres partenaires méditerranéens (renforcement des activités sous-régionales) ;</li> <li>▪ Renforcement des capacités d'information et de sensibilisation des entreprises sur des thèmes spécifiques liés à l'accord d'association.</li> </ul> <p><i>(source : convention de financement)</i></p>
<p><b>Principales activités</b></p>	<p>L'appui du programme consistera principalement en une assistance technique, des études, des formations et des séminaires, des dotations en équipement et dans certains cas, la prise en charge d'une partie des couts salariaux du personnel permanent recrute pour la mise en œuvre des plans d'actions des AP.</p> <p>Les différentes activités du PAAP II se résument comme suit :</p> <p>Activités relatives au projet :</p> <ul style="list-style-type: none"> <li>▪ Installer et rendre opérationnelle la Cellule Interne de Gestion du Projet au sein de la CGEM chargée de l'exécution du programme;</li> <li>▪ Mettre en place les procédures nécessaires à l'exécution du programme (manuel des procédures, règlement interne du Comité de Pilotage, tableau de bord des plans d'action et des appels d'offres, etc.);</li> <li>▪ Identifier les AP bénéficiaires par appel à propositions ;</li> <li>▪ Identifier les plans d'action des AP par un appel à propositions;</li> <li>▪ Suivre et évaluer les plans d'action des AP ;</li> <li>▪ Tenir et organiser les comités de pilotage;</li> <li>▪ Elaborer les différents plans de travail et rapports d'activités du programme;</li> <li>▪ Effectuer le contrôle - audit financier et de procédures du programme.</li> </ul> <p>Activités à développer au niveau des AP (au niveau du plan d'action individuel ou au niveau transversal / groupes d'AP):</p> <ul style="list-style-type: none"> <li>▪ Renforcer les AP en termes d'infrastructure (ressources humaines, équipements, ...)</li> <li>▪ Appuyer la communication et la promotion des AP (organisation et participation à des salons, foires, missions commerciales et d'affaires, élaboration de bulletins, sites Web et portails, etc.) ;</li> <li>▪ Mettre en place des programmes de formation au profit des cadres associatifs (gestion de projets, management associatif, développement de services, etc.);</li> <li>▪ Réaliser des études (mise en place de services, études d'impact, évaluations, études sectorielles spécifiques, etc ....) ;</li> <li>▪ Soutenir toute activités visant la mise a niveau et l'amélioration de la compétitivité des entreprises membres (promotion de la qualité, accompagnement a la certification ISO, mise en conformité sociale, protection des consommateurs, protection de l'environnement, etc.);</li> <li>▪ Appuyer la mise en réseau associatif au niveau national et international jumelages permanents ou sur des projets spécifiques, actions de «benchmarking» et d'échanges d'expérience, transfert de savoir-faire, etc.) ;</li> <li>▪ Renforcer la concertation entre les AP d'un même secteur pour la création de synergies dont l'objectif est de démultiplier les acquis du PAAP I et d'optimiser l'impact notamment au niveau régional, ainsi qu'une meilleure promotion au niveau international;</li> <li>▪ Soutenir des actions à caractère transversal susceptibles de toucher un large spectre</li> </ul>

	<p>d'AP, en particulier: formation, promotion des secteurs, promotion de la qualité, promotion des investissements, information d'intérêt pour l'entreprise, organisation de missions d'affaires à l'international, accompagnement - « coaching » des AP pour une meilleure efficacité dans la mise en oeuvre de leur plan d'action;</p> <ul style="list-style-type: none"><li>▪ Soutenir des actions régionales dans le cadre des plans d'actions des Associations notamment les antennes régionales, les associations de zones industrielles ou régionales;</li><li>▪ Soutenir les efforts du Gouvernement en faveur du développement des AP ;</li><li>▪ Organiser des événements de sensibilisation / information des autorités publiques et des instances privées au niveau national et international tels que les « Assises Nationales des Associations Professionnelles » organisées par le PAAP I fin 2003 et début 2005.</li></ul> <p><i>(source : convention de financement).</i></p>
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No. 21: Appui aux institutions financières de garantie aux PME -  
Maroc

Appui aux institutions financières de garantie aux PME (MED/1998/003-410)	
Type d'intervention	Appui budgétaire général
	Appui budgétaire sectoriel
	✓ Approche projet (Devis Programme)
Date de démarrage & Date de clôture	<ul style="list-style-type: none"> <li>▪ <i>Date démarrage:</i> 2002</li> <li>▪ <i>Date de clôture</i> 2010</li> </ul>
Budget engagé, contracté, déboursé	<ul style="list-style-type: none"> <li>▪ <i>Engagé:</i> €30m dont €25,5 pour le fonds et €4,5m pour l'assistance technique</li> <li>▪ <i>Contracté:</i> € 28.2m (d'après l'inventaire de l'évaluation)</li> <li>▪ <i>Déboursé:</i> € 28.1m (d'après l'inventaire de l'évaluation)</li> </ul>
Bénéficiaires	<ul style="list-style-type: none"> <li>▪ <i>Bénéficiaires directs :</i> la Caisse Centrale de Garantie et le Fonds Oar Ad-Oamane.</li> <li>▪ <i>Bénéficiaires indirects :</i> les banques marocaines faisant appel aux garanties des deux institutions précitées et les PME marocaines du secteur privé productif (source : <i>Convention de financement</i>, p. 6-7)</li> </ul>
Pays/Région	Maroc
Description de l'intervention	<p>L'apport de capital additionnel au système de garanties, soutenu par une assistance technique de longue durée, avait pour but de contribuer durablement au financement des investissements des PME alors que le transfert des compétences en matière d'organisation et de méthodes de garanties de crédits devait renforcer tant les deux IMG (institutions marocaines de garantie, une publique, l'autre privée) bénéficiaires que les banques commerciales.</p> <p>Le capital alloué à chaque institution par la Communauté européenne pouvait être engagé pour <b>contre-garantir</b> ses propres garanties de crédits d'investissements octroyés par les banques aux PME. (source : <i>Convention de financement</i>, p. 3).</p>
Contexte et historique de l'intervention	<p>Les besoins de financement d'investissement dans le système productif marocain ont été considérables, étant donné les retards accumulés dans de nombreux secteurs et la perspective d'une concurrence internationale croissante accentuée par la mise en place de la zone de libre échange. Or, les banques, malgré une situation globale de sur-liquidité, n'ont employé qu'une faible partie des ressources disponibles pour financer des crédits à moyen ou long terme orientés vers le secteur productif et cela à des taux d'intérêt réels élevés. Le système bancaire marocain s'est caractérisé par une faible concurrence et une propension au risque insuffisante. Il en a résulté un problème global de disponibilité de crédits pour financer les investissements productifs des PME, desquels dépend, dans une mesure importante, la croissance future de l'économie nationale. Des schémas de garantie existent depuis plusieurs années mais se sont avérés peu efficaces face aux besoins du secteur privé, une insuffisance à la fois quantitative et qualitative.</p>
Objectifs globaux	<p>Renforcer la compétitivité des entreprises privées au Maroc en facilitant leur accès au crédit d'investissement. L'accent mis par le projet sur les PME devait favoriser l'emploi. (source : <i>Project Synopsis</i> from the ROM reports)</p>
Objectifs spécifiques	<ul style="list-style-type: none"> <li>▪ Développer la capacité financière et technique des institutions de garantie de crédit, ainsi que des banques requérant des garanties ;</li> <li>▪ Accroître les crédits aux entreprises viables par l'octroi de garanties sur ces crédits. (source : <i>Project Synopsis</i> from the ROM reports)</li> </ul>



<b>Résultats attendus</b>	<p>Les principaux résultats attendus sont, dans l'hypothèse d'un taux de pertes annuelles de 8 % des crédits décaissés chaque année :</p> <ul style="list-style-type: none"> <li>▪ l'octroi de plus de 40 millions d'euros de garanties nouvelles par an ;</li> <li>▪ le financement d'environ 900 millions d'euros d'investissements nouveaux.</li> </ul> <p>(source: <i>Financial Agreement</i>, p. Annex 1)</p>
<b>Principales activités</b>	<p>Création d'un schéma de garantie à travers un fonds capitalisé à hauteur de 25,5 millions d'euros, qui devait intervenir au profit de deux organismes marocains, la Caisse Centrale de Garantie et le Fonds Dar Ad-Damane.</p> <p>La trésorerie a été assurée par la BEI. Il était prévu que la BEI ouvre deux comptes au nom de la Commission sous l'intitulé "Commission européenne. Fonds de garantie Maroc" :</p> <p>a) le premier compte, dont les fonds sont disponibles à terme, désigné sous le n° 382-0200001 00001-EUR Commission européenne-Fonds de garantie Maroc à terme ;</p> <p>b) le deuxième compte, dont les fonds sont disponibles à vue, désigné sous le n° 382-0200001 00002-EUR Commission européenne-Fonds de garantie Maroc à vue.</p> <p>Les opérations de retrait, par débit du compte disponible à vue, devaient être effectuées exclusivement au profit des deux organismes marocains bénéficiaires : (1) Caisse Centrale de Garantie - CCG-, et (2) Dar Ad-Damane.</p> <p>L'octroi et la gestion des garanties, y compris le processus de suivi, devaient se faire à travers les deux organismes bénéficiaires sélectionnés: Caisse Centrale de Garantie et Dar Ad-Damane. Le capital alloué à chaque institution par la Commission européenne pouvait être engagé pour <b>contre-garantir</b> ses propres garanties de crédits d'investissements octroyés par les banques aux PME.</p> <p>(source : <i>Convention pour le fonds de garantie communautaire aux PME marocaines entre la Commission des communautés européennes et la banque européenne d'investissement</i>, 2000, p.2-3)</p>

## Data Collection Grid – MOROCCO

<b>EQ 1</b>	<b>To what extent did the Commission's PSD strategy and programming take into account the recommendations of the 2005 evaluation and the evolution of the overall private sector environment?</b>
<b>JC 1.1</b>	<b><i>The Commission undertook efforts to make sure that the recommendations of the 2005 Evaluation were taken into account</i></b>
<b>Findings at JC level</b>	The 2005 PSD evaluation was not systematically and pro-actively disseminated worldwide –evidence for MOR: the CSPs for 2002-2006 and for 2007-2013 do not mention the 2005 PSD Evaluation, neither do the programming documents of the four interventions selected in Morocco.
<b>I-1.1.1</b>	Existence of a plan or specific approach for the dissemination of the Recommendations to those responsible for programming and design of interventions
<b>I-1.1.2</b>	Evidence of dissemination of the recommendations to those responsible for programming and design of interventions
<b>I-1.1.3</b>	Commission staff were conversant with the 2005 Evaluation or with the recommendations made in this evaluation
<b>I-1.1.1</b>	<p><b>MOROCCO:</b> The CSPs for 2002-2006 and for 2007-2013 do not mention the 2005 PSD Evaluation. The last country-level evaluation dates from 2003 and so is out of the temporal scope of the present evaluation.</p> <p><b>Appui aux entreprises – Maroc.</b> None of the documents consulted make a reference to the 2005 evaluation. One of the reasons could be that the identification and formulation of the present programme was anterior to the publication of the evaluation.</p> <p><b>Capmezzanine – Maroc</b> None of the documents consulted make a reference to the 2005 evaluation.</p> <p><b>Appui aux Associations Professionnelles II – Maroc</b> None of the documents consulted make a reference to the 2005 evaluation. One of the reasons could be that the identification and formulation of the present programme preceded the publication of the evaluation (the FA indicates that the identification and formulation period of this programme took place in 2004-2005: “Le projet a fait l'objet d'une mission d'instruction approfondie, financée par la CE, de la part d'experts indépendants de septembre 2004 à mars 2005.” (p.19)). Interestingly the evaluation report of the programme indicates that the recommendations of the evaluation of the evaluation of the first version of PAAP I were not taken into account in the design of PAAP II: “La plupart des recommandations définies dans le rapport d'évaluation finale du PAAP I, un an plus tard, n'ont pas été prises en compte pour l'identification et la formulation du PAAP II. » (source: ACE International Consultants (for the European Commission), <i>Mission d'évaluation finale du Programme d'appui aux Associations Professionnelles au Maroc (PAAP II), Evaluation finale</i>, 2011, p.7).</p>

	<b>Appui aux institutions financières de garantie aux PME - Maroc</b>
I-1.1.2	<b>MOROCCO:</b> see above.
	<b>Appui aux entreprises – Maroc:</b> see above.
	<b>Capmezzanine - Maroc</b>
	<b>Appui aux Associations Professionnelles II – Maroc</b> see above
	<b>Appui aux institutions financières de garantie aux PME - Maroc</b>
I-1.1.3	<b>MOROCCO:</b> Limited evidence of this (MN818, 810)
	<b>Appui aux entreprises – Maroc:</b> see above.
	<b>Capmezzanine - Maroc</b>
	<b>Appui aux Associations Professionnelles II – Maroc</b> see above
	<b>Appui aux institutions financières de garantie aux PME - Maroc</b>
<b>JC 1.2</b>	<i>Specific recommendations of the 2005 evaluation relating to the Commission's overall PSD Strategy have been taken into account</i>
<b>Findings at JC level</b>	The CSPs for 2002-2006 and for 2007-2013 do not mention the 2005 PSD Evaluation, neither do the programming documents of the four interventions selected in Morocco.
I-1.2.1	Evidence of greater clarity at programming level regarding the role of the Commission in PSD (particularly including the link between PSD, economic growth, the development objectives and poverty reduction)
I-1.2.2	Evidence of a process taking place to create a common vision of the Commission's PSD between HQ and EUD levels
I-1.2.3	Commission programming has prioritised the areas of highest Commission comparative advantage as described by the 2005 evaluation recommendation RS-2
I-1.2.1	<b>MOROCCO:</b> See I-1.1.1.
	<b>Appui aux entreprises – Maroc:</b> See I-1.1.1.
	<b>Capmezzanine – Maroc</b> See I-1.1.1.
	<b>Appui aux Associations Professionnelles II – Maroc</b> see above
	<b>Appui aux institutions financières de garantie aux PME - Maroc</b>
I-1.2.2	<b>MOROCCO:</b> See I-1.1.1.
	<b>Appui aux entreprises – Maroc:</b> See I-1.1.1.
	<b>Capmezzanine – Maroc</b> See I-1.1.1.
	<b>Appui aux Associations Professionnelles II - Maroc</b>
	<b>Appui aux institutions financières de garantie aux PME - Maroc</b>
I-1.2.3	<b>MOROCCO:</b> See I-1.1.1.
	<b>Appui aux entreprises – Maroc:</b> See I-1.1.1.
	<b>Capmezzanine – Maroc</b> See I-1.1.1.

	<b>Appui aux Associations Professionnelles II – Maroc</b> see above
	<b>Appui aux institutions financières de garantie aux PME - Maroc</b>
<b>JC 1.3</b>	<b><i>The Commission is aware, through studies and exchanges with other sources of aid for PSD, of the evolution of the private sector environment</i></b>
<b>Findings at JC level</b>	So far, evidence shows that the Commission was aware of the evolution of the context of Morocco's private sector. No studies or exchanges with other sources of aid for PSD were mentioned as sources of information. Main evolution in change in PSD context in MOR was momentum created by AA and creation of free trade zone - an accelerator for change. In response, cornerstone of EC support to PSD has been support to mise à niveau of Moroccan enterprises. (MN810, 818, 817, 855, 856)
<b>I-1.3.1</b>	Existence of Commission documents evidencing awareness of the evolution of the private sector environment
<b>I-1.3.2</b>	Stakeholders report existence of dialogue with other sources of aid for PSD concerning the evolution of the private sector environment
<b>I-1.3.3</b>	Evidence exists that the private sector environment has been taken into account in the Commission's PSD strategies and programming at country/regional level
<b>I-1.3.1</b>	<p><b>MOROCCO:</b></p> <p>Rather, considering the strategy and project documents themselves refer to the Association Agreement with the EU and to other free-trade agreements (US and the countries of the Agadir Agreement) which have increased competition for Moroccan enterprises and created the need for the modernization and restructuring of the economy.</p> <p>The CPS mentions external pressures on PSD, notably in the form of the free trade-agreements <b><i>“Morocco is engaged in a market-opening process which intensifies the competitive pressure on its economy. The implementation of the free-trade agreements with the EU, the US and the countries of the Agadir Agreement, plus the negotiations that have started with the EU on the liberalisation of trade in services and the right of establishment and on agricultural products, mean that the economy must become more competitive. What is more, the economy remains dominated by just a few sectors (textiles, mining, agriculture), something that increases its vulnerability. An improvement in the investment and business/innovation climate is important for promoting the start-up and development of new companies in growth sectors.”</i></b> (p.22).</p>
	<p><b>Appui aux entreprises – Maroc:</b></p> <p>None.</p>
	<p><b>Capmezzanine – Maroc</b></p> <p>The Commission indicates, in the following document, the context of its Decision to support financially the “FEMIP Support Fund”, mentioning the Euro-Mediterranean free trade area and how its action to strengthen the financial sector by improving their intermediation capacities and extend the range of financial products available on the market would contribute to this: <i>“In the context of the Barcelona Process and the construction of the Euro-Mediterranean free trade area, one of the main objectives of FEMIP is to promote and help businesses to modernise and gear themselves up to a new, more competitive environment through facilitated access to financing. At the same time,</i></p>

	<p><i>the operations serve to strengthen the financial sector by improving their intermediation capacities and extending the range of financial products available on the market.” (source: European Commission, Complément à la Decision de la Commission Decision sur l'action 'Facilité de capital à risques', 2005)</i></p> <p><b>Appui aux Associations Professionnelles II – Maroc</b></p> <p>The financial agreement begins with a description of the overall context in which this intervention has been set. This intervention, in support to Professional Associations, is a means to support SMEs adapt to the increased competition ensuing under the opening up of the Moroccan economy under several free-trade agreements (1) as well as the progressive withdrawal of the Moroccan State from certain economic functions (“<i>Les entreprises marocaines se trouvent confrontées: D'une part, a la libéralisation économique et au désengagement accru de l'Etat d'un certain nombre de fonctions dans le domaine économique, ce qui rend nécessaire la prise en charge de ces fonctions par le secteur privé, et notamment par les Associations Professionnelles d'entreprises, dans le cadre d'une décentralisation progressive des pouvoirs économiques. D'autre part, au processus d'ouverture des frontières économiques, dans le cadre des différentes Zones de Libre Echange auxquelles le Maroc a souscrit (USA, accords d'Agadir, etc.) et en particulier de l' Accord d'Association avec l'UE, entre en vigueur en 2000 et plus généralement au phénomène de la mondialisation, qui constitue a la fois une opportunité, notamment pour les entreprises exportatrices, mais aussi un défi à relever.</i> » (p.19).</p> <p>Indeed, the FA indicates that it is considered that efforts to increase Moroccan enterprises' competitiveness requires collective efforts and that an appropriate vehicle for this are Professional associations: “<i>Avec la mise en œuvre de l'Accord d'Association entre le Maroc et l'UE, l'ensemble des secteurs économiques est actuellement concerné par l'ouverture des frontières. Les Associations Professionnelles (AP), constituent des vecteurs efficaces pour contribuer à la réussite de la mise a niveau à travers le soutien et les services qu'elles peuvent apporter aux entreprises.</i> (p.19).</p> <p><b>Appui aux institutions financières de garantie aux PME – Maroc</b></p> <p>The convention between the Commission and the EIB mentions the following :  « <b>la Commission a fait le constat que les besoins de financement du système productif marocain seront considérables dans les prochaines années pour la mise a niveau des PME, notamment dans le contexte de l'introduction progressive d'une zone de libre-échange;</b> -a cet effet, afin de favoriser le financement des PME par les banques marocaines, la Commission a décidé de créer un schéma de garantie a travers un fonds (ci-après dénommé "le Fonds"), capitalise a hauteur de 25,5 millions d'euros, qui interviendra au profit de deux organismes marocains, la Caisse Centrale de Garantie et le Fonds Dar Ad-Damane » (source : <i>Convention pour le fonds de garantie communautaire aux PME marocaines entre la Commission des communautés européennes et la banque européenne d'investissement, 2000, p.2).</i></p>
I-1.3.2	<p><b>MOROCCO</b></p> <p>No evidence of a specific dialogue with other sources of aid on the evolution of the private sector environment in Morocco.</p> <p>Moroccan officials gave the chronology of the Commission's support to PSD in Morocco and the framework in which it was integrated “<i>Le Maroc a connu l'ouverture à l'économie de marché, et les PME émergeaient mais pas à un niveau suffisamment compétitif. Nous avons eu des discussions à ce sujet déjà lors des négociations sur l'AA, se posait aussi la question de la création d'une stratégie de politique industrielle, la 1ere, EMERGENCE, a été développée puis elle a été affinée sous dans EMERGENCE 2. Le PAIGAM a été le premier programme d'appui au secteur privé au Maroc, lancé en 1998 :</i></p>

	<p><i>secteur privé, collaboration commerciale. En réalité, l'appui au secteur privé, date de 1969, soit l'Accord créant une association avec la Communauté Économique Européenne » (MN802).</i></p>
	<p><b>Appui aux entreprises – Maroc</b></p>
	<p><b>Capmezzanine – Maroc</b></p>
	<p><b>Appui aux Associations Professionnelles II – Maroc</b></p>
	<p><b>Appui aux institutions financières de garantie aux PME – Maroc</b></p>
<p><b>I-1.3.3</b></p>	<p><b>MOROCCO</b></p> <p>The following evidence shows that that the private sector environment was taken into account in the Commission's PSD strategies and programming in Morocco: Interviewees at HQ reported that support to PSD support is directly linked to the bilateral Association Agreement (legal acts contributing to the liberalisation of exchanges in the economic, social and cultural areas) where integration to the European Single Market and trade liberalisation feature prominently and that “<i>mise à niveau</i>” programmes [<i>to ensure that participating countries are able to compete effectively</i>] have been implemented to support the process (MN 601).</p> <p><b>Appui aux entreprises – Maroc:</b></p> <p>The evaluation of the programme indicates that this programme is linked to the « Programme national de Mise a Niveau » of the Moroccan government which aims to prepare the industrial sector to the insertion in the Free Trade Area with the EU, as well as with the Moroccan “Programme Emergence” which sought to place the Moroccan industry on the world market: « <i>le Programme d'Appui aux Entreprises s'est inscrit dès le départ dans une stratégie plus claire du Gouvernement marocain, le Programme national de Mise a Niveau visant a préparer le secteur industriel a l'insertion dans la Zone de Libre Echange (ZLE) avec l'Union Européenne. Initié en 2004 parallèlement au démarrage du PAE, le « Programme Emergence » visant à positionner l'industrie marocaine dans la compétition mondiale est ensuite venu compléter le cadre général dans lequel le PAE a été mis en oeuvre.</i> » (ADE (for the European Commission), <i>Evaluation finale ex-post du Programme d'Appui aux Entreprises – Maroc</i>, 2010, p.21).</p> <p><b>Capmezzanine – Maroc</b></p> <p>Only insofar as the EIB conducted a feasibility study in 2004 (funded under the FEMIP Support Fund) which estimated that “operations de capital-transmission” (in French) would grow in the coming years and that the supply of mezzanine funding would be appreciated. It also established that conditions for the development of mezzanine funding in the coming years existed, thus confirming the need for mezzanine funding in Morocco. (source : BEI, <i>Proposition du Comité de Direction au Conseil d'Administration sur la prise de participation dans une société d'investissement – Opération sur capitaux à risques</i>, 12 juin 2007).</p> <p><b>Appui aux Associations Professionnelles II – Maroc</b></p> <p>The evaluation report specifies the overall context in which the intervention is embedded – Morocco's integration in the free trade zone with Europe and the accompanying process of the modernization and restructuring of its economy: “<i>Dans le cadre de son intégration dans la zone de libre échange euro - méditerranéenne, le Maroc s'est engagé, avec le soutien de l'Union Européenne, dans un processus de modernisation et de restructuration de son économie. L'Etat, les entreprises et leurs représentants, ont pris conscience de l'importance des enjeux et de l'urgence d'une mise à niveau rapide pour affronter la suppression programmée des barrières douanières. C'est dans ce contexte, qu'est identifié et mis sur pied le</i></p>

	<p><i>Programme d'Appui aux Associations Professionnelles Marocaines – PAAP - financé par la Commission Européenne, qui vise à accroître la compétitivité et la capacité de mise à niveau des entreprises à travers le renforcement de leurs associations.</i> ». Within this context, the report presents the rationale for supporting professional organizations: “<i>L'ouverture de l'économie et en particulier du commerce extérieur ne peut être réussie qu'avec l'appui d'un secteur associatif dynamique qui fait prendre conscience aux entreprises, et en particulier aux PME, de la nécessité des réformes structurelles et du renforcement de leur compétitivité.</i> » (source: ACE International Consultants (for the European Commission), <i>Mission d'évaluation finale du Programme d'appui aux Associations Professionnelles au Maroc (PAAP II), Evaluation finale</i>, 2011, p.10 and 31).</p>
	<p><b>Appui aux institutions financières de garantie aux PME – Maroc</b> See I-1.3.1.</p>
<b>JC 1.4</b>	<b><i>Policy documents and surveys relating to PSD and the quality of aid have been taken into account by the Commission</i></b>
<b>Findings at JC level</b>	
<b>I-1.4.1</b>	Documents show that new policy recommendations have been taken into account
<b>I-1.4.2</b>	Stakeholders report existence of internal dialogue or other process(es) that take into account new policy recommendations regarding quality of PSD aid
<b>I-1.4.1</b>	<p><b>MOROCCO:</b></p> <p><b>Appui aux entreprises – Maroc:</b></p> <p><b>Capmezzanine – Maroc</b></p> <p><b>Appui aux Associations Professionnelles II – Maroc</b></p> <p>The AAP II is a follow-up programme to the AAP I . The Financial Agreement for AAP II identifies shortcomings in terms of the support provided under AAP I which AAP II should seek to avoid, notably covering enterprises or sectors which had not benefitted from support under the AAP I due to shortage in funds (there is no evidence of a link to the 2005 evaluation recommendation though):</p> <p>“<i>Cependant suite à l'engagement de la totalité du budget du programme, de nombreuses candidatures restent sans réponse et un nombre important d'Associations Professionnelles n'a pas été touché par ce programme.</i> » (p.20)</p> <p>« <i>La deuxième phase du Programme d' Appui aux Associations Professionnelles consolidera les acquis du premier programme et financera en particulier les demandes de nouvelles associations et fédérations (Associations de personnes morales dans la plupart des cas et de personnes physiques dans le cas des services à la PME) qui n'ont pas pu recevoir un appui dans la première phase en priorité dans les secteurs suivants: industrie et transformation, services à l'industrie, services (transport, tourisme, hôtellerie, financiers, audiovisuel, etc.), services spécifiques à la PME (conseil juridique, comptable, fiscal, audit, etc.) et artisanat</i> » (p.21-22).</p> <p>The evaluation report also indicates that AAP II will build on the achievements of AAP I, notably in terms of changes in the administration's perceptions on the importance of professional associations: “<i>En même temps le PAAP a gagné une visibilité élevée au Maroc et déclenché un changement d'attitude au sein de l'administration qui commence à apprécier de plus en plus le rôle des AP comme un véritable interlocuteur dans le développement économique</i>». (source: ACE International Consultants (for the European Commission), <i>Mission</i></p>

	<i>d'évaluation finale du Programme d'appui aux Associations Professionnelles au Maroc (PAAP II), Evaluation finale, 2011, p.32).</i>
	<b>Appui aux institutions financières de garantie aux PME – Maroc</b>
<b>I-1.4.2</b>	<b>MOROCCO:</b> Thematic unit E2/C4 of DEVCO reported to have a role in disseminating knowledge on PSD support and strategies worldwide between Commission HQ and EUDs.
	<b>Appui aux entreprises – Maroc :</b> see above.
	<b>Capmezzanine – Maroc.</b>
	<b>Appui aux Associations Professionnelles II – Maroc :</b>
	<b>Appui aux institutions financières de garantie aux PME – Maroc</b>



<b>EQ 2</b>	<b>To what extent was Commission support to PSD in partner countries part of a strategic approach geared to the overall objectives of EU External Policy, while aligning with the priorities of the country/region and maximizing its VA, including in terms of synergies with other actors and other types of Commission support?</b>
<b>JC 2.1</b>	<b><i>Commission geared PSD support towards overall EU external policy objectives</i></b>
<b>Findings at JC level</b>	The Commission's support to PSD in Morocco over 2004-2010 has been embedded in the framework of the realisation of the Association Agreement, which, by liberalising trade exchanges and market access, has required the modernisation and "mise à niveau"/upgrading of the Moroccan economy and productive forces, which the Commission has supported with its development assistance. The objective of the AA was to integrate neighbouring countries in the European single market.
<b>I-2.1.1</b>	Relation between overall EU external policy objectives and Commission PSD support is explicitly identified in Commission policy documentation
<b>I-2.1.2</b>	Programming documentation explicitly relates PSD interventions to overall EU external policy objectives
<b>I-2.1.3</b>	Stakeholders consider that Commission PSD support has contributed to the achievement of overall EU external policy objectives
<b>I-2.1.1</b>	<p><b>MOROCCO:</b></p> <p>In the CSP 2002-2006, the Commission does not make a direct relation between overall EU external policy objectives and Commission PSD support. The CSP however refers to the Euro-Mediterranean Partnership, to the 2000 Association Agreement and to the MEDA Regulation as framing the Commission's cooperation strategy (p.22).</p> <p>Similarly the CSP for 2007-2013 does not make a direct relation between overall EU external policy objectives and Commission PSD support. It does however refer to overarching strategy documents such as the European Consensus and the EU Strategy for Africa.</p> <p><b>Appui aux entreprises – Maroc:</b> « policy documents »: Not applicable to an intervention.</p> <p><b>Capmezzanine – Maroc:</b> « policy documents »: Not applicable to an intervention.</p> <p><b>Appui aux Associations Professionnelles II – Maroc :</b> « policy documents » : Not applicable to an intervention.</p> <p><b>Appui aux institutions financières de garantie aux PME – Maroc :</b> « policy documents » : Not applicable to an intervention.</p>
<b>I-2.1.2</b>	<p><b>MOROCCO:</b> Not applicable ("Programming documentation").</p> <p><b>Appui aux entreprises – Maroc:</b> The Financing Agreement indicates that this programme supports the Moroccan's government's efforts to prepare SMEs' in the industrial sector to the opening up of competition effective under the free trade zone planned under the Association Agreement (AA) (see.p.1 or indicator above). In this sense, the programme supports the EU's external relations objectives as set</p>

	under the AA.
	<b>Capmezzanine - Maroc</b>
	<b>Appui aux Associations Professionnelles II – Maroc</b> The Financial Agreement clearly makes the link between the present programme and the implementation of the Association Agreement and the necessity to support Moroccan enterprises, notably through Professional Associations, in improving their competitiveness in view of the increased competition in an open economy : « <i>Le Programme vient en soutien à l'action du gouvernement marocain dans l'effort d'ouverture de son économie et dans sa politique d'insertion dans la Zone de libre - échange Euro-Méditerranéenne.</i> » (p.3).
	<b>Appui aux institutions financières de garantie aux PME - Maroc</b>
<b>I-2.1.3</b>	<b>MOROCCO</b> Interviewees at HQ indicated the link between PSD support and the Commission's overarching assistance framework to ENPI South: they indicated that PSD support is embedded in the Neighbourhood Policy and in the bilateral Association Agreement (legal acts contributing to the liberalisation of exchanges in the economic, social and cultural areas) where integration to the Single Market and trade liberalisation feature prominently “ <i>PSD and TRA are important parts of the European neighbourhood policy – one of the objectives is to have the neighbouring countries integrated in a free trade area with the European single market. This requires quality infrastructure, being competitive against European companies, institutional set-up in order to compete on a free trade area</i> ” (MN 601). More specifically the ENP APs generally cover free trade in agricultural and industrial goods, standards and norms (such as phytosanitary conditions of plant products), dispute settlement or access to finance. The achievement of these objectives is supported through programmes specific to each country ( <i>programme de mise à niveau</i> ), depending on their level of advancement.” (MN 601).  In the case of the twinings: “ <i>Ces projets de jumelage s'inscrivent derrière la toile de fond qu'est l'Accord d'association – les thèmes de la coopération sont identifiées sous AA</i> », « <i>La CE quant à elle veut réussir la zone de libre échange entre MAR et CE et pour cela doit soutenir la mise en place des conditions de concurrence et de la politique industrielle</i> », (MN804).
	<b>Appui aux entreprises - Maroc</b>
	<b>Capmezzanine - Maroc</b>
	<b>Appui aux Associations Professionnelles II - Maroc</b>
	<b>Appui aux institutions financières de garantie aux PME - Maroc</b>
<b>JC 2.2</b>	<b><i>The Commission applied explicit policies and guidelines to make sure that its support to PSD was part of a strategic approach</i></b>
<b>Findings at JC level</b>	There has been no evidence of specific guidelines to ensure that the Commission's support to PSD in Morocco was part of a strategic approach towards support to PSD. However the strategic approach or the policy framework which has framed the Commission's PSD support has been the Association Agreement and more generally the European Neighbourhood policy. In MOR, no PSD strategy document as such, rather, broad PSD orientations part of CSPs & NIPs, yet clear thread /logic (MN801, 802, 817, 802, 810, 813, 855, 856): <ul style="list-style-type: none"><li>• Closer economic integration in frame of AA and free trade zone,</li></ul>

	<p>integration with European market, so that PSD support linked to mise à niveau</p> <ul style="list-style-type: none"> <li>• Evolution of objectives of PSD support: from mise à niveau to reap benefits of AA, to more focus role in growth and employment</li> <li>• Evolution from programme approach targeting specific needs at macro, meso and micro levels to BS targeting macro, I&amp;R reform.</li> </ul>
I-2.2.1	Existence of policy documents and guidelines that explicitly tackle the importance of a strategic (prioritised) approach towards PSD alongside the different dimensions mentioned
I-2.2.2	These policies and guidelines were utilised for the design of PSD strategies at country/ regional level and for the programming
I-2.2.3	Commission staff expressed the view that the guidance provided was appropriate
I-2.2.1	<p><b>MOROCCO:</b></p> <p>In Morocco, support to PSD was part of one of the priority areas for cooperation under the 2007-2013 CSP (“economic modernization”). Under the CSP 2002-2006, support to PSD was included under the Priority area “implementation of the AA”, as it is specified that a 10 years transition period, from the entry into force of the AA, was allowed for Morocco to adapt its industrial base.</p> <p>The CSP 2007-2013 indicates that its support to PSD is part of an approach in favour of economic modernisation: <i>“In this context the EC will focus its efforts on the following priorities:</i></p> <ul style="list-style-type: none"> <li>- <i>the social sector, in particular education, health and social protection;</i></li> <li>- <i>the national human development initiative (NHDI)</i></li> <li>- <i>economic modernisation, in particular <b>support for the modernisation of the private sector</b>, strengthening of vocational training, modernisation of industry, agriculture and fisheries, transport, energy and, generally, an improved environment for investment and competition in the framework of an open market economy;</i></li> <li>- <i>institutional support to underpin implementation of the Association Agreement and of the Neighbourhood Action Plan;</i></li> <li>- <i>good governance and the promotion of human rights and fundamental freedoms;</i></li> <li>- <i>environmental protection ».</i> (p.3-4).</li> </ul> <p>Under the CSP 2002-2006, support to PSD was included under the Priority area “implementation of the AA”, as it is specified that a 10 years transition period from the entry into force of the AA was allowed for Morocco to adapt its industrial base to the dismantling of tariffs.</p> <p>On support to BDS, one interviewee at HQ indicated that guidelines existed, for example on the necessity to preferably to search co-financing from IOs, or to prioritise the capacity building of <b>BDS providers</b> for example, for sustainability purposes, rather than providing BDS directly to enterprises (MN 601).</p> <p><b>Appui aux entreprises – Maroc:</b> No evidence of policy documents and guidelines within this intervention that explicitly tackle the importance of a strategic (prioritised) approach towards PSD.</p> <p><b>Capmezzanine – Maroc:</b> No evidence of policy documents and guidelines</p>

	<p>within this intervention that explicitly tackle the importance of a strategic (prioritised) approach towards PSD.</p> <p><b>Appui aux Associations Professionnelles II – Maroc:</b> No evidence of policy documents and guidelines within this intervention that explicitly tackle the importance of a strategic (prioritised) approach towards PSD.</p> <p><b>Appui aux institutions financières de garantie aux PME – Maroc:</b> This intervention was part of an approach towards PSD :<i>“La mise en place du PAIGAM débute en 2004. Entrée en activité en 2004. Origine dans une vision globale de l'état marocain, mais en concertations avec l'Union européenne. Tissu marocain pour affronter la concurrence internationale – appui financier aux entreprises. Un paquet pour les entreprises. Il y a eu un diagnostic et des études, on constate que pour mise à niveau – il faut de l'équipement, le matériel de production. Les cibles du FOMAN étaient les PME dans secteur industriel et services liées aux services – transport, marchandises, entreprises exposées à la concurrence – car elles sont les plus concernées par la concurrence – le FOMAN hard est un instrument incitatif et éducatif pour montrer aux entreprises l'intérêt de se mettre à niveau et aux banques d'inciter le financement car il s'agissait d'un cofinancement géré par le CCG. »</i> (MN803)</p>
I-2.2.2	<p><b>MOROCCO</b></p> <p>The CSPs clearly reference the AA, the ENP and the MEDA programme.</p> <p><b>Appui aux entreprises – Maroc:</b> This programme, in its design (less so in its implementation) follows an “integrated approach” to PSD. It is made up of 3 components, supporting regulatory and institutional reform, SME's competitiveness (by providing them direct assistance in terms of consulting) and the set-up of a Fund available to finance SMEs support. The programme also targets both SMEs directly, Intermediary organizations and national structures:</p> <p><i>« le Programme d'Appui aux Entreprises s'adresse tant aux entreprises qu'aux institutions de soutien à l'industrie et aux administrations publiques. Il poursuit une approche intégrée et comporte trois volets cohérents:</i></p> <ul style="list-style-type: none"> <li>• <i><b>Un volet «Qualité/Normalisation»,</b> consistant à mettre à disposition de l'industrie marocaine les infrastructures, les standards, la réglementation, l'organisation et les procédures lui permettant d'atteindre un niveau de qualité comparable à celui prévalant en Europe afin de faciliter la libre circulation des marchandises.</i></li> <li>• <i><b>Un volet «Modernisation des PME»</b> pour faciliter l'amélioration de leur compétitivité dans la Zone de libre - échange.</i></li> <li>• <i><b>Un volet «Fonds national de mise à niveau»(FOMAN)</b> comprenant une contribution financière ainsi qu'un appui institutionnel au démarrage du Fonds national de mise à niveau, qui vise à faciliter l'accès des PME au conseil de mise à niveau par la consultance locale et aux investissements matériels (équipements). La contribution financière sera transférée en respect des dispositions particulières fixées dans le chapitre F. »</i> (p.4).</li> </ul> <p>An interviewee at HQ considered that three-component basis of the programme was appropriate to address constraints: <i>« On the three-pronged structure of the programme: it does make sense to have three different components. Can't upgrade the capacity of Centres Techniques without also building up the accreditation bodies and giving them access to a Fonds national so they can get direct funding? »</i>. (MN601).</p> <p>More generally, no evidence that this intervention was part of a a strategic (prioritised) approach towards PSD, aside from its link to preparing Moroccan</p>

	<p>enterprises to increased competition under the free trade zone agreed on under the AA.</p> <p>Cette intervention s'inscrit dans le cadre de la mise en oeuvre de l'Accord de l'Association entre l'UE et le Maroc qui doit aboutir, en 2012, à l'élimination totale des droits de douane sur les produits industriels issus de l'UE et à la mise en place d'une zone de libre échange (ZLE). Ces engagements d'ouverture représentent un défi important pour de nombreuses entreprises marocaines qui doivent mettre en œuvre des mesures de soutien à leur modernisation et à l'amélioration de leur compétitivité. (source : convention de financement).</p> <p><i>Le « 2<sup>e</sup> projet de la CE qui a appuyé la CCG (après le PAIGAM) a été le PAE et le volet FOMAN, là encore dans le cadre de la préparation à l'ouverture du marché marocain. Besoin identifié pour entreprises industrielles ». (MN803)</i></p> <p><b>Capmezzanine – Maroc</b></p> <p>No evidence of use of policies and guidelines for the design of this intervention, aside from the fact that it has been funded by MEDA's regional envelop in support to the "Support to FEMIP" instrument managed by the EIB and which aims to fund risk capital operations and their accompanying TAs in the Mediterranean region.</p> <p><b>Appui aux Associations Professionnelles II – Maroc</b></p> <p>AAP II is the follow-up to AAP I, the difference being that new professional associations were supported under AAP II. It was explained that professional organizations had a key role in supporting enterprises' adaptation to the requirements of an open market: <i>«L'ouverture de l'économie et en particulier du commerce extérieur ne peut être réussie qu'avec l'appui d'un secteur associatif dynamique qui fait prendre conscience aux entreprises, et en particulier aux PME, de la nécessité des réformes structurelles et du renforcement de leur compétitivité.»</i> (source: ACE International Consultants (for the European Commission), <i>Mission d'évaluation finale du Programme d'appui aux Associations Professionnelles au Maroc (PAAP II), Evaluation finale</i>, 2011, p.10 and 31).</p> <p><b>Appui aux institutions financières de garantie aux PME – Maroc</b></p> <p>The AA was not mentioned in the programming documents as the AA entered into force in 2000 however it was integrated within this framework:</p> <ul style="list-style-type: none"> <li>▪ The Fiche only mentioned the necessity to support the integration of Moroccan enterprises' in the world economy, which required better access to finance, including guarantees: <i>«L'objectif global du projet est de contribuer au développement économique et à la croissance de de l'emploi en renforçant le développement des PME de sorte de les rendre capables de bénéficier de l'intégration du Maroc dans l'économie globale. Afin de concrétiser cet objectif il est nécessaire que le PME aient un meilleur accès au crédit pour financer l'investissement dans les technologies requises. Spécifiquement, le projet vise le renforcement opérationnel de deux fonds de garantie existants pour faciliter la disponibilité du crédit bancaire à l'intention des PME.»</i> (source: European Commission, <i>Fiche de Projet</i>, no date).</li> <li>▪ Interviews confirm the project's integration in this framework : <i>« Le prédecesseur de ce projet était financé sur MEDA 1 : parmi projets identifiés c'était la contre-garantie, c'était dans le cadre des accords de libre échange qui venaient d'être conclus, PME, compétition et mise à niveau étaient sur l'agenda. [...] L'axe de la coopération sous MEDA 1 c'était la mise à niveau – en phase avec les autorités marocaines pour laquelle le</i></li> </ul>
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	<i>fonds de la contre garantie devait préparer les PME à la concurrence » (MN803).</i>
<b>I-2.2.3</b>	<b>MOROCCO</b>
	<b>Appui aux entreprises – Maroc:</b>
	<b>Capmezzanine – Maroc</b>
	<b>Appui aux Associations Professionnelles II – Maroc</b>
	<b>Appui aux institutions financières de garantie aux PME – Maroc</b>
<b>JC 2.3</b>	<b><i>The PSD strategies and programming of the Commission took into account the national/regional priorities</i></b>
<b>Findings at JC level</b>	<p>Overall, alignment on government strategies/priorities/requests, which are also strongly influenced by AA. In mature emerging country, such as MOR, government commitment to reform, a pre-condition to success of assistance, e.g. support to competition policy vs. state aid. (MN801, 804, 805, 809, 817, 818).</p> <p>FEMIP/EIB strategy for MOR reportedly defined by agreement (FEMIP committee and ministerial meeting), however insufficient linking with EC bilateral assistance. (MN815, 818, 801, 810)</p> <p>Yet international pressure can be applied to remove obstacles, e.g OECD report on money laundering. (MN804)</p>
<b>I-2.3.1</b>	The Commission conducted a policy dialogue with national authorities on PSD strategies
<b>I-2.3.2</b>	CSPs/RSPs clearly link the Commission PSD support to national/regional overall and PSD specific strategies and programming
<b>I-2.3.3</b>	Stakeholders consider that Commission support to PSD is aligned to the overall and sector specific national priorities
<b>I-2.3.1</b>	<p><b>MOROCCO:</b></p> <p>Within the AA, a formal dialogue, at committee level, exists but no information could be gathered on the extent to which PSD featured. There is evidence that both the cooperation strategy and the programming took into account the Moroccan's government priorities. However, national strategies, to prepare enterprises to the opening up of competition effective under the free trade zone, have been strongly informed by requirements created under the AA and other free trade agreements.</p> <p>Specifically in the case of the twinnings, <i>“les bénéficiaires de l'action de jumelage sont le ministère des activités économiques et générales, ils ont formulé une demande pour ce type d'aide, indiquant comment cela s'inscrit dans la politique générale du pays ».</i> (MN804)</p> <p>The CSP 2002-2006 only indicates that in the frame of the Association Agreement <i>“Le dialogue politique entre les parties a été déjà engagé, que ce soit au niveau du Conseil d'association que du Comité d'association. En ce qui concerne le dialogue macro-économique, la première réunion du groupe de travail a eu lieu le 10 septembre 2001. »</i> (p.8) It is likely however that the dialogue touches upon PSD. The CSP 2007-2013 indicates that: <i>“Ten working parties or sectoral subcommittees have been set up under the AA, including a new subcommittee on "human rights, democratisation and governance". A strengthened political dialogue has been set up. Several sectoral agreements have been negotiated or are in the process of finalisation, in particular: an agreement on the liberalisation of trade in services and the right of</i></p>

	<p><i>establishment, and on the liberalisation of trade in agricultural products and processed agricultural products; a readmission agreement with the Community for illegal immigrants; a partnership agreement in the fisheries sector (finalised on 28 July 2005) and an agreement on scientific and technological cooperation (signed in 2003, entered into force in March 2005). All these agreements testify to the dynamism and quality of EU-Morocco relations.» (p.5). Again there is no specific reference to PSD in the dialogue mentioned.</i></p> <p>The interviewees at HQ mention, as regards the implementation of the ENP Action Plan (under the AA) that “Morocco is a country with which we have a strong and good dialogue. Different from other countries in ENPI South”. (MN 601).</p> <p><b>Appui aux entreprises – Maroc:</b> no evidence of a structuring political dialogue subjacent to the programme in the documents consulted. However the programme was set up to support the Moroccan’s government’s efforts to prepare SMEs’ in the industrial sector to the opening up of competition effective under the free trade zone planned under the Association Agreement. The Financial Agreement indicates that «<i>Le Programme d’Appui aux Entreprises s’inscrit dans la stratégie du Gouvernement marocain visant le développement et la mise à niveau des entreprises. Le Programme national de Mise à Niveau vise notamment à préparer le secteur industriel à l’insertion dans la Zone de libre – échange (ZLE) prévue dans le cadre de l’Accord d’Association avec l’Union Européenne.</i>» (p.1) and “<i>La mise en œuvre progressive de l’Accord d’Association entre l’Union Européenne et le Royaume du Maroc prévoit l’accès libre et en franchise totale de droits de douane des produits industriels marocains sur le marché européen, qui absorbe environ 80% des exportations marocaines. En contrepartie, le programme marocain de démantèlement tarifaire doit aboutir en 2012 à l’élimination totale des droits de douane sur les produits industriels issus de l’Union Européenne et à la mise en place de la zone de libre échange.</i></p> <p><i>Le Maroc applique ses engagements d’ouverture progressive vis-à-vis de son principal partenaire, l’Union européenne, dont les conséquences représentent un défi important pour un grand nombre d’entreprises marocaines. En découle la nécessité de mettre en œuvre des mesures adéquates de soutien à leur modernisation et à l’amélioration de leur compétitivité.</i></p> <p><i>Le Programme National de Mise à Niveau a été défini en concertation avec le secteur privé en 1997 et a connu une redynamisation suite à l’entrée en vigueur de l’Accord d’association en mars 2000. En 2002, le Gouvernement marocain a décidé la création <u>d’un Fonds national de mise à niveau (FOMAN)</u> financé par le budget de l’Etat. Ce Fonds reflète la volonté du Maroc de financer les efforts de la mise à niveau par ses propres ressources et sous sa responsabilité nationale.» (p.2).</i></p> <p><b>Capmezzanine – Maroc</b></p> <p><b>Appui aux Associations Professionnelles II – Maroc</b></p> <p>The BCS of the second monitoring report indicates that a form of political dialogue and more specifically the inclusion of considerations of the national policy took place at the level of the programme’s steering committee: “<i>C’est le Comité de Pilotage qui exerce cette fonction primordiale car il réunit des représentants du Ministère de l’Economie et des Finances ainsi que de celui de l’Industrie et du Commerce et du secteur privé. Ces ministères sont les garants de la prise en compte par le programme de la politique nationale et des grandes orientations du Gouvernement en matières sectorielles</i>»</p> <p><b>Appui aux institutions financières de garantie aux PME – Maroc</b></p>
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I-2.3.2	<p><b>MOROCCO:</b></p> <p>The CSP for 2002-2006 details the government's development objectives amongst which feature the modernization of the productive base, the reform of the financial sector and improvements in enterprises' competitiveness, alongside the reform of public enterprises and the development of regional trade relations as well as with the EU (p.6-7).</p> <p>The CSP 2007-2013 details the government's policy which includes, for the objective of "economic development" PSD-related objectives: "<i>• Promoting growth and employment. The government's objective is to achieve strong economic growth by creating jobs through the modernisation of the economy and promotion of investment. <b>Efforts will focus on the modernisation of the productive base by improving the competitiveness of industry through the introduction of new technologies, the promotion of exports, improving the efficiency of the financial sector, a solution to the land problem, and the modernisation of vocational training (public and private) to meet the needs of industry.</b></i></p> <ul style="list-style-type: none"> <li>• <i>Diversification of the sources of economic growth by promoting the development of new sectors.</i></li> <li>• <i>Improvement of the business and investment climate combined with ongoing reform of the legal framework through labour market flexibility, investor protection, the right of ownership and upholding of contracts, and so on.</i></li> <li>• <i>Improvement of public finances, taking account.</i> » (p.6).</li> </ul> <p>In addition the CSP specifies that Morocco's political agenda has informed the Commission's cooperation strategy: "<i>This document describes the EU's cooperation objectives, its political response to Morocco's requests and the priority cooperation areas, drawn up following a complete evaluation of the <b>partner country's political agenda</b> and its political and socio-economic situation.</i> » (p.3).</p> <p><b>Appui aux entreprises – Maroc :</b> « CSPs/RSPs », not applicable to an intervention.</p> <p><b>Capmezzanine – Maroc</b> « CSPs/RSPs », not applicable to an intervention.</p> <p><b>Appui aux Associations Professionnelles II – Maroc</b> « CSPs/RSPs », not applicable to an intervention.</p> <p><b>Appui aux institutions financières de garantie aux PME – Maroc</b> « CSPs/RSPs », not applicable to an intervention.</p>
I-2.3.3	<p><b>MOROCCO:</b></p> <p>A Moroccan official presented the national strategic framework for PSD support: « <i>Plusieurs stratégies PSD existent au Maroc : une stratégie sur l'appui à l'Investissement, une à l'appui aux exportations, à l'artisanat. La stratégie EMERGENCE date de 2008, basée sur stratégie des dragons d'Asie du sud est, fondée sur des champions nationaux. Ce sont des stratégies sectorielles ou des priorités dans une stratégie plus globale, telle que définie dans la Déclaration du gouvernement au Parlement.</i> » (MN802).</p> <p><b>Appui aux entreprises – Maroc:</b></p> <p>The evaluation report indicates that "<i>Le PAAP II est néanmoins un Programme très pertinent par rapport à la politique sectorielle du Gouvernement au sein de laquelle les</i></p>



	<p><i>Associations Professionnelles jouent un rôle primordial. Des réunions mensuelles sont organisées par le Ministre de l'Industrie, du Commerce et des Nouvelles Technologies avec ces Associations Professionnelles des secteurs prioritaires qui lui rapportent des informations et des indicateurs sur l'évolution de leurs secteurs. Ces secteurs sont ceux sélectionnés par le Gouvernement dans le cadre des Métiers Mondiaux du Maroc spécifiés dans le Pacte National pour l'Emergence Industrielle 2009-2015 : (1) Offshoring, (2) Automobile, (3) Aéronautique et Spatial, (4) Electronique, (5) Textile et Cuir and (6) Agroalimentaire. Le PAAP II se révèle également très pertinent dans le cadre du Programme du Gouvernement d'accroissement de la Compétitivité des Entreprises.» (source: ACE International Consultants (for the European Commission), Mission d'évaluation finale du Programme d'appui aux Associations Professionnelles au Maroc (PAAP II), Evaluation finale, 2011, p.7).</i></p>
	<b>Capmezzanine – Maroc</b>
	<b>Appui aux Associations Professionnelles II – Maroc</b>
	<b>Appui aux institutions financières de garantie aux PME - Maroc</b>
<b>JC 2.4</b>	<b><i>The potential VA of the Commission geared its decisions on the nature of the support it would provide</i></b>
<b>Findings at JC level</b>	In design of strategy&programming, some evidence of consideration to potential VA and synergies: providing MOR with EU best practices (MN801, 810, 818, 815, 817) ; Some of the interventions were prolongations of passed interventions, and as such, ensured continuity of the Commission's intervention, which can be considered as a VA. Yet insufficient linking of centralised and bilateral operations. (MN 815, 801) (see EQ3).
<b>I-2.4.1</b>	Types of potential VA the Commission considered it could offer when providing support to PSD (as attested for instance by overall documents on the Commission's PSD strategy)
<b>I-2.4.2</b>	Overall approach of the Commission to ensure that its PSD support would be geared, among other things, by its potential VA
<b>I-2.4.3</b>	References in strategy documents at country/ regional level to the potential VA of the Commission when providing support to PSD
<b>I-2.4.4</b>	Stakeholders consider that the Commission's country and regional strategies took into account the Commission's potential VA and are able to identify such VA
<b>I-2.4.1</b>	<p><b>MOROCCO:</b> the CSPs make no reference to added-value.</p> <p><b>Appui aux entreprises – Maroc:</b> the programming documents do not mention added value. However two elements can be highlighted :</p> <ol style="list-style-type: none"> <li>1. The financial importance of the programme : €61m</li> <li>2. The fact that the programme builds on two former programmes, and as such ensures continuity : <i>“Le programme d'Appui aux entreprises s'inscrit dans la continuité des interventions de la Commission européenne au Maroc dans le domaine du développement économique et commercial du programme MEDA I. Tout particulièrement, par ses volets «Qualité/Normalisation» et «Modernisation des PME», il représente une suite logique aux projets existants «Promotion de la Qualité» et «Euro Maroc Entreprise». (p.2).</i></li> </ol>
	<b>Capmezzanine – Maroc</b>
	<b>Appui aux Associations Professionnelles II – Maroc</b>

	<b>Appui aux institutions financières de garantie aux PME – Maroc</b>
I-2.4.2	<b>MOROCCO:</b> no evidence of this in the CSPs.
	<b>Appui aux entreprises – Maroc:</b> see I-2.4.1
	<b>Capmezzanine – Maroc</b>
	<b>Appui aux Associations Professionnelles II – Maroc</b>
	<b>Appui aux institutions financières de garantie aux PME – Maroc</b>
I-2.4.3	<b>MOROCCO:</b> the CSPs make no reference to added-value.
	<b>Appui aux entreprises – Maroc:</b> not applicable (“strategy documents”).
	<b>Capmezzanine – Maroc:</b> not applicable (“strategy documents”).
	<b>Appui aux Associations Professionnelles II – Maroc :</b> not applicable (“strategy documents”).
	<b>Appui aux institutions financières de garantie aux PME – Maroc :</b> not applicable (“strategy documents”).
I-2.4.4	<b>MOROCCO:</b>
	<b>Appui aux entreprises – Maroc</b>
	<b>Capmezzanine – Maroc</b>
	<b>Appui aux Associations Professionnelles II – Maroc</b>
	<b>Appui aux institutions financières de garantie aux PME – Maroc</b>
<b>JC 2.5</b>	<b><i>The potential synergies of the Commission with other actors and other types of Commission support geared its decisions on the nature of the support it would provide.</i></b>
<b>Findings at JC level</b>	<p>Evidence of strong consultation/information exchange with other donors (WB, IFC) at strategy and at operational stages yet little evidence of coordination or ‘division of labour’ based on AV (MN801, 809, 815, 818).</p> <p>Good examples of synergies: combining conditionalities (WB), sequencing (WB, IFC), twinning (GIZ, KfW), but room for improvement for maximised leverage (MN805, 809, 810, 804)</p> <p>Insufficient visibility of EC operations in PSD for other donors, progress since. Need for improvements in consultation on relevance of EC PSD actions with ‘technical’ partners and of additional clarity on who (HQ, EUD) is responsible for what , reported (MN809, 815, 805)</p> <p>The CPS mentions that PSD in Morocco can be supported by the Commission’s assistance and also by the EIB-managed “Support to FEMIP” instrument. It also mentions a 2003 “donor group” which a working group on the modernisation of the private sector were discussions on synergies are likely to have taken place, although little evidence of this could be gathered. Amongst the interventions selected, some were continuation of passed interventions and others were said to have complemented other Commission interventions which were running in</p>

	parallel.
I-2.5.1	Commission documents that lay down the overall (not country specific) PSD strategy of the Commission require that the Commission PSD strategies and interventions are chosen on the basis of, among other things, synergies with support provided by other actors or other types of Commission support
I-2.5.2	CSPs/RSPs and programming documents highlight synergies with support provided by other actors or other types of Commission support
I-2.5.3	Stakeholders consider that synergies with support provided by other actors or other types of Commission support been a key criterion for deciding on the nature of the support to be provided
I-2.5.1	<b>MOROCCO:</b> not applicable (“the overall (not country specific) PSD strategy”)
	<b>Appui aux entreprises – Maroc</b> not applicable (“the overall (not country specific) PSD strategy”)
	<b>Capmezzanine – Maroc</b> not applicable (“the overall (not country specific) PSD strategy”)
	<b>Appui aux Associations Professionnelles II – Maroc</b> not applicable (“the overall (not country specific) PSD strategy”)
	<b>Appui aux institutions financières de garantie aux PME – Maroc</b> not applicable (“the overall (not country specific) PSD strategy”)
I-2.5.2	<p><b>MOROCCO</b> The CSP 2002-2006 mentions complementarities of its support with the EIB’s which amongst other activities supports PSD: “<i>Soutenir le développement du secteur privé, que ce soit par des prêts sur ressources propres de la Banque ou par des contributions sur capitaux à risque.</i> » (p.18).</p> <p>It also mentions that the CSP was elaborated in consultation with EU Member States to avoid the duplication of support (p.25).</p> <p>The CSP for 2007-2013 also reveals the existence of the so-called “donor group” where discussions on synergies are likely to have taken place, “<i>an initiative launched in 2002, which by 2003 had representatives from most of the donors active in the country: the World Bank, the International Finance corporation (IFC), the UNDP, USAID, the ADB, the IDB, the Commission, EU Member States, Canada and Japan. The group is structured around a number of working parties on specific topics:</i></p> <ol style="list-style-type: none"> <li>1. <i>governance (leader UNDP)</i></li> <li>2. <i>modernisation of the private sector (leader IFC)</i></li> <li>3. <i>effectiveness of aid - harmonisation of procedures" (leader World Bank)</i></li> </ol> <p><i>The Moroccan government was officially notified and involved in the work of the groups; the groups have often expressed the wish to see the Moroccan administration playing an active role in coordination.</i> (p.20).</p>
	<b>Appui aux entreprises – Maroc</b> The NIP 2002-2004 indicates that the programme is complementary with a regional programme « Euro-Med marché » as well as other national programmes « <i>Ce programme est complémentaire au programme régional Euro-Med Marché, au programme d'appui à la mise en oeuvre de l'Accord d'association ainsi qu'au programme de formation professionnelle II (ces derniers inclus dans ce PIN). Il devra tenir en compte, en outre, les autres interventions financées avec MEDA I pour le soutien de la transition économique marocaine et notamment les projets « Fonds de Garantie », « EME » et</i>

	<p>«Qualité» (déjà mentionné)» (p.40).</p> <p>The programming documents do not mention any type of complementarity or synergies with other programmes.</p> <p><b>Capmezzanine – Maroc</b> The programming documents do not mention any type of complementarity or synergies with other programmes.</p> <p><b>Appui aux Associations Professionnelles II – Maroc</b> The programming documents indicate that this programme (AAP II) is a follow-up to PAAP I (2001-200X), building-up on its achievements and filling in some of its gaps – in this sense, it has contributed to synergies with a former Commission programme: “<i>au vu des résultats encourageants de la première phase du Programme d’Appui aux Associations Professionnelles - P AAP finance par MEDA I au Maroc et mis en œuvre depuis fin 2001, il est apparu nécessaire de mettre en place un deuxième programme P AAP II.</i>» (P.19). «<i>La première phase du programme PAAP, a rencontré un succès croissant et a finalement pu assister 44 AP et fédérations d’associations dans la mise en œuvre effective de 41 plans d’actions. Cependant suite à l’engagement de la totalité du budget du programme, de nombreuses candidatures restent sans réponse et un nombre important d’Associations Professionnelles n’a pas été touché par ce programme. Parallèlement le PAAP a gagné une visibilité élevée au Maroc et a déclenché un changement d’attitude au sein de l’administration qui commence à apprécier de plus en plus le rôle des AP comme interlocuteurs dans le développement économique. Le P AAP I a lancé aussi une étude sur le secteur des AP au Maroc qui a abouti à l’esquisse d’une stratégie d’ensemble du secteur associatif professionnel et d’un plan d’action global pour son développement. Il en résulte en particulier que les AP pourront jouer un rôle plus important en tant que multiplicateurs de l’information sur l’Accord d’Association pour les entreprises et le public intéressé. Cependant, beaucoup d’associations ont encore besoin de renforcement structurel et de soutien dans leur processus de transformation vers des associations de services à leurs membres. Les expériences montrent de plus que les PME marocaines sont encore trop peu sensibilisées et informées sur les défis de l’Accord d’Association. Les acquis de ce premier programme doivent être préservés. Il faudrait de plus étendre l’action à d’autres secteurs et à d’autres AP.</i>» (p.20).</p> <p>Additionally, the second monitoring report indicates that it also follows similar goals to the «Appui aux entreprises» programme, as well as with other Commission programmes and as such promotes synergies between them : «<i>Le programme actuel s’inscrit dans la même synergie que celle développée par le Programme d’Appui aux Entreprises (PAE), financé par l’Union européenne et qui s’inscrit dans le cadre de la nouvelle stratégie industrielle marocaine « EMERGENCE » et plus particulièrement de son pilier «MODERNISATION COMPETITIVE» ainsi que du Programme d’Appui à l’Accord d’Association (P3A) dans sa partie Qualité et Normalisation.</i>» (BCS, « perspectives d’impact »).</p> <p><b>Appui aux institutions financières de garantie aux PME – Maroc</b> The programming documents do not mention any type of complementarity or synergies with other programmes.</p>
I-2.5.3	<p><b>MOROCCO</b></p> <p><b>Appui aux entreprises – Maroc</b></p> <p><b>Capmezzanine – Maroc</b></p> <p><b>Appui aux Associations Professionnelles II – Maroc</b></p> <p><b>Appui aux institutions financières de garantie aux PME – Maroc</b></p>

<b>JC 2.6</b>	<b><i>The Commission's PSD strategies and programming were clearly prioritised and part of a wider Commission strategy in the country/region</i></b>
<b>Findings at JC level</b>	<p>The Commission's support to PSD in Morocco was embedded in and informed by the AA between Morocco and the EU which entered into force in 2000. The implementation of the AA has required large national structural reforms, which have impacted the private sector, the <i>mise à niveau</i> of which the Commission has supported via its assistance programmes.</p> <p>On the prioritization of interventions, whilst the evidence gathered so far suggests that the needs addressed by the selected interventions were all relevant, there is no information on the extent to which they were the <i>most relevant</i> at the time. There is limited information on the rationale for the choice of addressing certain needs (and not others). Part of the rationale has been the state of progress made by the country in meeting the AA requirements and demands made by the beneficiary country.</p> <p>For the interventions analysed there has been evidence of a procedure for identifying areas of intervention, notably prior consultations and identification missions, although (1) the extent of its formalisation is not clear yet and (2) there has also been some evidence that for some interventions, pre-conditions had not been fully tested or met.</p>
<b>I-2.6.1</b>	Commission strategy/programming documents explain how the Commission's PSD strategy fits into the wider Commission's country/regional strategies and priorities
<b>I-2.6.2</b>	Commission strategy/programming documents explain how the Commission's interventions have been prioritised with regard to the PSD needs of the country
<b>I-2.6.3</b>	Stakeholders consider that the Commission's PSD support was part of a wider prioritised approach of the Commission in the country/region as well as prioritised with respect to PSD need of the country
<b>I-2.6.4</b>	A methodological procedure has been adopted for selecting areas of intervention per country, as per the 2005 Evaluation Recommendation RI-1, including: an assessment of priority needs; selection of interventions with Commission comparative advantage; and an assessment of whether pre-conditions of intervention are met
<b>I-2.6.1</b>	<p><b>MOROCCO:</b></p> <p>The CSP 2002-2007 mentions the contextual changes which frame PSD in Morocco. It mentions specifically the entry into force of the Association Agreement with the EU which will create a free-trade zone, and to which Moroccan enterprises need to prepare and adapt to. <i>“Le Maroc dispose d'une période de transition de 10 ans depuis l'entrée en vigueur de l'Accord d'Association pour adapter son tissu industriel (composé en grande partie par des PME/PMI) à la future zone de libre échange. Ce tissu industriel a commencé déjà à ressentir l'impact du démantèlement tarifaire dans un contexte, en outre, de ralentissement significatif de la croissance des exportations marocaines vers l'UE. La création d'un contexte favorable au renforcement des capacités du tissu industriel marocain devient donc essentiel pour assurer la survie du secteur face à la concurrence européenne.”</i>. (p.39).</p> <p>The CSP for 2002-2006 indicates that support to PSD is one of its priority sectors for the period concerned: <i>“la CE concentrera ses efforts à court terme dans les secteurs prioritaires suivants : La mise en oeuvre de l'Accord d'association via un programme</i></p>

	<p><i>d'accompagnement. En même temps et pour mieux soutenir le développement des échanges commerciaux, la CE appuiera une large réforme du secteur des transports, un programme d'Appui aux entreprises, ainsi qu'un programme de Formation Professionnelle.</i> » (p.3-4).</p> <p>The CSP for 2007-2013 indicates that support to PSD is a sub-section of its objective to support “economic modernization” (amongst others) for the period concerned “<i>In this context the EC will focus its efforts on the following priorities:</i></p> <ul style="list-style-type: none"> <li>- <i>the social sector, in particular education, health and social protection;</i></li> <li>- <i>the national human development initiative (NHDI)</i></li> <li>- <i>economic modernisation, in particular support for the modernisation of the private sector, strengthening of vocational training, modernisation of industry, agriculture and fisheries, transport, energy and, generally, an improved environment for investment and competition in the framework of an open market economy;</i></li> <li>- <i>institutional support to underpin implementation of the Association Agreement and of the Neighbourhood Action Plan;</i></li> <li>- <i>good governance and the promotion of human rights and fundamental freedoms;</i></li> <li>- <i>environmental protection</i> ». (p.3-4).</li> </ul> <p>The CSP 2007-2013 mentions the ongoing national structural reforms which impact PSD: “<i>For several years Morocco has been engaged in a vast range of ambitious structural reforms in several sectors. A law on public limited-liability companies was adopted in 1996, a commercial code in 1997, a law on the setting-up of commercial courts in 1998, and a new customs code and a new insurance code in October 2002. A new labour code entered into force in June 2004. Related legislation is also in place, in particular a law on the freedom of prices and competition. A charter for SMEs was adopted in June 2002. An agreement to bring about a greater liberalisation of agriculture was concluded in December 2003. An ambitious administrative and budgetary reform is being implemented with the support of the European Commission. Other major reforms concern the liberalisation of trade, restructuring of the financial sector and public-sector companies, transport, sickness insurance, the labour market and the business environment. Morocco also signed up in 2004 with other Mediterranean partner countries to Euro-Mediterranean Enterprise Charter.</i>” (p.13).</p> <p><b>Appui aux entreprises – Maroc</b> Cette intervention s’inscrit dans le cadre de la mise en oeuvre de l’Accord de l’Association entre l’UE et le Maroc qui doit aboutir, en 2012, à l’élimination totale des droits de douane sur les produits industriels issus de l’UE et à la mise en place d’une zone de libre échange (ZLE). Ces engagements d’ouverture représentent un défi important pour de nombreuses entreprises marocaines qui doivent mettre en oeuvre des mesures de soutien à leur modernisation et à l’amélioration de leur compétitivité. (source : convention de financement).</p> <p><b>Capmezzanine – Maroc</b> The intervention has been funded by MEDA’s regional envelop in support to the “Support to FEMIP” instrument managed by the EIB and which aims to fund risk capital operations and their accompanying TAs in the Mediterranean region.</p> <p><b>Appui aux Associations Professionnelles II - Maroc</b> The financial agreement clearly indicates that the programme is in support of the government’s efforts to prepare SME’s to the increased competition under the progressive opening up of the economy in view of the creation of the free-trade zone, committed under the AA : « <i>Le Programme vient en soutien à l’action du gouvernement marocain dans l’effort d’ouverture de son économie et dans sa politique d’insertion dans la Zone de libre - échange Euro-</i></p>
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	<p><i>Méditerranéenne.</i> » (p.3).</p> <p><b>Appui aux institutions financières de garantie aux PME – Maroc</b></p> <p>The Fiche only mentioned the necessity to support the integration of Moroccan enterprises' in the world economy, which required better access to finance, including to guarantees: <i>“L'objectif global du projet est de contribuer au développement économique et à la croissance de de l'emploi en renforçant le développement des PME de sorte de les rendre capables de bénéficier de l'intégration du Maroc dans l'économie globale. Afin de concrétiser cet objectif il est nécessaire que le PME aient un meilleur accès au crédit pour financer l'investissement dans les technologies requises. Spécifiquement, le projet vise le renforcement opérationnel de deux fonds de garantie existants pour faciliter la disponibilité du crédit bancaire à l'intention des PME.</i> » (source: European Commission, Fiche de Projet, no date).</p>
I-2.6.2	<p><b>MOROCCO:</b></p> <p>The Financial Agreement clearly makes reference to the impact of the implementation of the Association Agreement on Moroccan SMEs, in terms of the creation of a free-trade zone, to which they have to prepare themselves. <i>“Le Programme d'Appui aux Entreprises s'inscrit dans la stratégie du Gouvernement marocain visant le développement et la mise à niveau des entreprises. Le Programme national de Mise à Niveau vise notamment à préparer le secteur industriel à l'insertion dans la Zone de libre – échange (ZLE) prévue dans le cadre de l'Accord d'Association avec l'Union Européenne. Le Programme d'Appui aux entreprises appuie le développement intégré et la modernisation du secteur privé marocain, en particulier des petites et moyennes entreprises (PME) existantes. Les secteurs clés bénéficiaires sont le secteur manufacturier, principalement concerné par le démantèlement tarifaire et les services à l'industrie.</i> » (p.1).</p> <p>The CSPs indicate how the Commission's support to PSD is aligned to requirements made under the AA (CSP 2002-2007, <i>“Mais la mise en oeuvre de l'Accord d'Association rend urgent l'application effective de ces réformes en vue de soutenir le secteur privé face au démantèlement tarifaire en cours d'exécution.”</i> (p.15)) and also with the government's priorities which include for the CSP 2007-2013 <i>“The improvement of the investment climate in Morocco is a key priority for the future of the country and for achieving greater economic competitiveness. The private sector has to be the engine of stronger economic growth; it alone is capable of creating many jobs when the number of people arriving on the labour market is still increasing. Accordingly, the government intends to encourage private investment by simplifying the regulation, recruitment and firing of workers, the obtaining of authorisations and licences, access to credit, in particular for small and medium-sized enterprises, and facilitating business transfers</i> » (p. 13).</p> <p><b>Appui aux entreprises – Maroc:</b> The NIP 2002-2004 indicates that this programme is key in supporting Moroccan industrial SMEs in adapting to the gradual opening of the competition in line with the establishment of the free trade area under the AA, highlighting how strategic this support is: <i>« Le Maroc dispose d'une période de transition de 10 ans depuis l'entrée en vigueur de l'Accord d'Association pour adapter son tissu industriel (composé en grande partie par des PME/PMI) à la future zone de libre échange. Ce tissu industriel a commencé déjà à ressentir l'impact du démantèlement tarifaire dans un contexte, en outre, de ralentissement significatif de la croissance des exportations marocaines vers l'UE.</i></p> <p><i>La création d'un contexte favorable au renforcement des capacités du tissu industriel marocain devient donc essentiel pour assurer la survie du secteur face à la concurrence européenne.</i></p> <p><i>Intérêt stratégique : ce domaine correspond aux points 15 et 22 des conclusions de la Conférence</i></p>

	<p><i>de Marseille. En effet, il s'agit d'un secteur crucial pour augmenter les investissements et accélérer les échanges commerciaux et rejoint les objectifs de la communication de la Commission concernant le Partenariat Euroméditerranéen et le Marché Unique. En outre, la coopération industrielle est prévue dans l'article 49 de l'Accord d'Association et notamment dans les domaines choisis pour ce programme. Finalement, il correspond aux souhaits exprimés par le Maroc dans sa déclaration lors du premier Conseil d'association (page 11, Volet financier). » (p.39).</i></p>
	<p><b>Capmezzanine – Maroc</b></p> <p>No evidence that this intervention was prioritised with regard to the PSD needs of Morocco. Only information on the existence of an EIB feasibility study in 2004 (funded under the FEMIP Support Fund) which confirmed the need for mezzanine funding in Morocco. It estimated that “operations de capital-transmission” (in French) would grow in the coming years and that the supply of mezzanine funding would be appreciated. It also established that conditions for the development of mezzanine funding in the coming years existed. (source : BEI, <i>Proposition du Comité de Direction au Conseil d'Administration sur la prise de participation dans une société d'investissement – Opération sur capitaux à risques</i>, 12 juin 2007).</p>
	<p><b>Appui aux Associations Professionnelles II – Maroc</b></p> <p>Based on the Financial Agreement, the programme specifically targets Professional Associations as vehicles to support Moroccan enterprises in their efforts to become more competitive in view of the opening up of the economy under the Association Agreement and other free-trade commitments.</p> <p>Specifically the FA indicates that the programme will address the following needs of Professional Associations, notably capacity-building and awareness-raising of the changes required under the AA: “<i>beaucoup d'associations ont encore besoin de renforcement structure 1 et de soutien dans leur processus de transformation vers des associations de services et leurs membres. Les expériences montrent de plus que les PME marocaines sont encore trop peu sensibilisées et informées sur les défis de l'Accord d'Association.</i> » (p.20) and « <i>des efforts importants de mise à niveau demeurent nécessaires pour accroître la compétitivité des entreprises. Ces efforts doivent porter en premier lieu sur l'entreprise elle-même, mais ils impliquent également la mise en place d'actions ou de services de nature collective, auxquels les entreprises, à l'exception des plus grosses, ne pourraient avoir accès individuellement (informations techniques et commerciales, centres de documentations professionnelles, actions collectives de promotion ou d'organisation de missions d'affaires notamment sur le plan international, etc.). Les Associations Professionnelles constituent à ce titre des plateformes nature liées de référence pour ce type d'actions collectives.</i> » (p.19).</p>
	<p><b>Appui aux institutions financières de garantie aux PME – Maroc</b></p> <p>The programming document does not specify how the choice of supporting guarantee financial institutions was made. The convention between the Commission and the EIB only mentions the importance of future « access to finance needs » of the Moroccan industry in the context of the free trade zone : « <i>la Commission a fait le constat que les besoins de financement du système productif marocain seront considérables dans les prochaines années pour la mise à niveau des PME, notamment dans le contexte de l'introduction progressive d'une zone de libre-échange; -à cet effet, afin de favoriser le financement des PME par les banques marocaines, la Commission a décidé de créer un schéma de garantie à travers un fonds (ci-après dénommé "le Fonds"), capitalise à hauteur de 25,5 millions d'euros, qui interviendra au profit de deux organismes marocains, la Caisse Centrale de Garantie et le Fonds Dar Ad-Damane</i> » (source : <i>Convention pour le fonds de garantie communautaire aux PME marocaines entre la Commission des communautés européennes et la banque</i></p>



	<i>européenne d'investissement, 2000, p.2).</i>
<b>I-2.6.3</b>	<p><b>MOROCCO:</b></p> <p>According to interviewees at HQ, in Morocco and in ENPI South, all aspects of PSD are of key importance in meeting requirements under the Association Agreement and ENP Action Plan. The nature of the support is thus determined on the basis of the state of progress made by the country in meeting the AA requirements and on dialogue with the beneficiary country: <i>“as far as PSD is concerned, we've touched on all aspects (access to finance, professional organizations, quality infrastructure) in ENP countries. Unlike in other regions, we do not need to prioritize a priori, we have the funds to do it all. We select interventions based on dialogue with government. It depends on the stage of the preparation and negotiation of the requirements made under the AA”</i> (MN601).</p>
	<b>Appui aux entreprises – Maroc</b>
	<b>Capmezzanine – Maroc</b>
	<p><b>Appui aux Associations Professionnelles II – Maroc</b></p> <p>The evaluation report is sceptical of the relevance of supporting professional associations in order to, ultimately, support the « mise à niveau » of Moroccan enterprises in the context of the opening of the economy and adaptation to increased competition : <i>« Il y a un essoufflement du concept PAAP qui aide les AP par un financement direct de leurs activités et ne permet pas de vérifier la portée et encore moins l'impact réel de ces actions. Certaines AP ont bénéficié d'appuis financiers et techniques de la part de la Commission européenne depuis 1996 avec Euro Maroc Entreprise puis avec le PAAP I et le PAAP II sans résultats déterminants. Les AP ont souvent pu être actives grâce à une intervention financière directe de programmes financés par les bailleurs de fonds. Il est particulièrement important et vital que les AP s'organisent pour générer des revenus pour subsister, cela leur permettrait d'obtenir, dans la durée, la confiance de leurs membres avec la mise en place de services qui correspondent aux besoins des entreprises. »</i> (source: ACE International Consultants (for the European Commission), <i>Mission d'évaluation finale du Programme d'appui aux Associations Professionnelles au Maroc (PAAP II), Evaluation finale, 2011, p.46</i>).</p>
	<b>Appui aux institutions financières de garantie aux PME – Maroc</b>
<b>I-2.6.4</b>	<p><b>MOROCCO:</b></p> <p>Interviewees at HQ indicated that rather than a set procedure to select areas of PSD interventions in country, the Commission follows a certain approach based on consultation with national authorities and civil society (business organisations), other donors in order to identify needs, constraints, targets and opportunities. The interviewee also stressed that once this preliminary analysis had been carried out, this often revealed that an integrated approach to addressing a particular need was required. For instance, when looking at the lack of access to finance, a number of non-financial issues needed to be considered as well (<i>“not just providing a simple credit line”</i>), such as the capacity of businesses to provide bankable projects and the capacity of banks to analyse a business plan and agree to giving out a loan, or the availability of adequate/relevant financial products, alongside the existence of appropriate regulations, legislation, enforcement bodies etc (MN601).</p> <p><b>This process seems to be in line with the 2005 Evaluation Recommendation RI, however additional information is required to confirm this.</b></p>

	<p><b>Appui aux entreprises – Maroc</b></p> <p>No evidence of a methodological procedure. However the evaluation mentions that a number of preliminary missions aimed at assessing needs and whether pre-conditions were met, notably an identification mission (2001-2002), a preparation mission (2002), an expertise mission which analysed the programmes active in the field of “quality” (2003-2004) and other expertise missions to define the needs of the Industrial Technical Centres (ADE (for the European Commission), <i>Evaluation finale ex-post du Programme d’Appui aux Entreprises – Maroc</i>, 2010, p.43).</p> <p><b>Capmezzanine – Maroc</b></p> <p><b>Appui aux Associations Professionnelles II – Maroc</b></p> <p>No evidence of a set procedure but the evaluation report indicates that a “mission d’instruction” took place, giving a diagnosis of Moroccan professional associations, highlighting their weaknesses notably weak financial and material means, members’ disaffection; their lack of knowledge of legal obligations, weaknesses in human resources, their lack of financial autonomy etc ((source: ACE International Consultants (for the European Commission), <i>Mission d’évaluation finale du Programme d’appui aux Associations Professionnelles au Maroc (PAAP II)</i>, <i>Evaluation finale</i>, 2011, p.33).</p> <p>The report also indicates that the support to PAs, under the AAP II, seemed to be embedded in a positive and supporting environment, notably a true commitment from the government towards the “mise à niveau” of the Moroccan economy, the positive visibility of the 1<sup>st</sup> programme (AAP I), professional’s declared conviction of the need to have stronger PAs, which is an indication that some pre-conditions were met.</p> <p><b>Appui aux institutions financières de garantie aux PME – Maroc</b></p> <p>No information on the existence of a specific procedure. However the evaluation gives evidence of inadequate targeting of enterprises : <i>« La Mission a constaté que l’environnement marocain des affaires au lancement du programme ne présentait pas les conditions nécessaires à la réussite du programme, notamment en ce qui concerne les services d’appui et les ressources d’accompagnement aux PME. Les entreprises du secteur privé sont pour la plupart des entreprises de type familial et ne disposent pas encore suffisamment de compétences professionnelles en gestion. Il semble aussi que les hypothèses de travail sur lesquelles le programme a été bâti étaient trop ambitieuses. »</i> (source : ACE Consultants (for the European Commission), <i>Mission d’évaluation finale du programme d’appui aux institutions de garantie marocaines. Pays bénéficiaire : Maroc</i>, 2010).</p>
<b>JC 2.7</b>	<b><i>The Commission designed its PSD support so as to promote gender equality, good governance, and combat environmental degradation and HIV</i></b>
<b>Findings at JC level</b>	<p>Some evidence of consideration to cross-cutting issues e.g gender, governance, environment, labour standards. Balancing between ensuring developmental impact &amp; adaptation to realities of SMEs in country context. (MN811, 805) Consumer rights &amp; anti-corruption included in BS – strongly enough? (MN817, 818, 813)</p> <p>Within its PSD support, gender and environmental issues are the ones which are the most mentioned. Good governance features much less and and HIV does not at all. This being said, references are superficial, confirming the Commission’s acknowledgement of their importance, without however the degree of detail on</p>

	how such issues will be mainstreamed in its PSD support, varies from one intervention to another. At the level of results, based on the existing evidence collected, gender issues have been mainstreamed better than environmental ones.
I-2.7.1	Commission strategy/programming documents explain how the Commission's PSD strategy and specific intervention will contribute to the above mentioned crosscutting issues
I-2.7.2	Stakeholders consider that when designing its support, the Commission took into account the above mentioned cross-cutting issues
I-2.7.1	<p><b>MOROCCO:</b> The CSP for 2002-2007 indicates that the Commission's cooperation strategy with Morocco will integrate gender and environmental considerations: « <i>La mise en place de cette stratégie se fera non seulement dans le plein respect des objectifs inscrits dans le processus de Barcelone, mais aussi par la prise en compte des orientations générales ou spécifiques de la Déclaration conjointe du Conseil et de la Commission sur la coopération au développement (novembre 2000), ainsi que des Communications sur la prévention des conflits (avril 2001), les droits de l'homme (mai 2001), l'intégration des questions relatives au genre (juin 2001), et la stratégie pour l'introduction des considérations environnementales dans la politique de développement adoptée par le Conseil (mai 2001). La dimension environnementale sera prise automatiquement en compte dans tous les secteurs prévus par le PIN. En outre, des Etudes d'impact environnemental seront réalisées pour les grands projets d'infrastructures ou dans les secteurs particulièrement sensibles</i> ». (p.23)</p> <p><b>Appui aux entreprises – Maroc:</b> The financing agreement specifies that the programme will pay attention to equal male and female participation to the programme, as well as environmental considerations. Aside from this generic reference, the FA doesn't specify how it will do that specifically « <i>assurer la participation sur base non discriminatoire des femmes et des hommes au programme ainsi que le respect de la protection de l'environnement dans l'exécution du programme</i> » (p.18).</p> <p><b>Capmezzanine – Maroc</b> No evidence of attention to crosscutting issues.</p> <p><b>Appui aux Associations Professionnelles II – Maroc</b> The financial Agreement indicates (p.34) specifies that the programme will pay attention to action plans supporting equal gender participation, environmental protection and proper labour / working conditions. Aside from stating intentions, the FA doesn't specify how it will do that specifically. For instance, the eligibility criteria specified in Annex II.3 of the FA (« <i>critères d'éligibilité des Associations Professionnelles et de leurs plans d'action</i> ») do not integrate gender, labour or environmental considerations. « <i>Une attention particulière sera portée aux régions et aux secteurs démontrant une forte concentration de travail féminin ainsi qu'aux plans d'action des AP promouvant l'égalité des genres, mais aussi aux plans d'action visant la mise en conformité sociale des entreprises en matière de conditions de travail. Une attention particulière sera portée aussi aux plans d'action touchant la protection de l'environnement et la durabilité environnementale en général (AP dans les secteurs des énergies renouvelables, etc).</i> »</p> <p><b>Appui aux institutions financières de garantie aux PME – Maroc</b> The financial agreement indicates that the investment projects which the financial guarantee scheme will support should respect environmental norms: « <i>Les projets d'investissement devront respecter les normes environnementales adéquates appliquées au Maroc.</i> ». It also indicates that the investment projects which the financial guarantee scheme</p>

	will support should optimise job creation, in particular women's: « <i>Les projets d'investissement devront optimiser la creation d'emploi, en particulier celui des femmes, en concordance avec les demandes du maintien de la competitivite.</i> » (source: <i>Financial Agreement</i> , p. 8).
<b>I-2.7.2</b>	<p><b>MOROCCO</b> : no information in CSPs.</p> <p><b>Appui aux entreprises – Maroc</b> no reference to gender or to environmental considerations in the monitoring reports.</p> <p><b>Capmezzanine – Maroc</b> .</p> <p><b>Appui aux Associations Professionnelles II – Maroc</b> On the consideration of environmental aspects : The first monitoring report gives evidence of the lack of consideration of environmental concerns : « <i>Il reste cependant que les aspects environnementaux des activités économiques ne sont pas explicitement pris en compte.</i> » (p.2). The BCS of the second monitoring report indicates that “<i>Bien que les aspects environnementaux ne soit pas explicitement pris en compte par le projet au même titre que les aspects de genre lors de l'élaboration des programmes d'activités proposés par les AP et Fédérations Professionnelles, aucune indication ne permet de mettre en doute les volontés de respect de l'aspect environnemental au sien des entreprises adhérentes. La seule association sectorielle pouvant prétendre à son implication dans le domaine environnementale dans le programme est l'Association des Qualiticiens du Maroc.</i> » (BCS, « potentiel de viabilité »).</p> <p>On the consideration of gender aspects : The BCS of the second monitoring report indicates that whilst gender considerations were not a determining selection criteria of activities to be supported, the fact that the programme supported women professional associations indicates that attention to gender issues was paid « <i>Le genre n'était pas une des pas un critère de sélection discriminant pour les activités proposées et entreprises par les Associations et fédérations professionnels. Par le soutien aux associations de femmes telles que l'Association des Femmes Chefs d'Entreprises du Maroc et Association Pour la Promotion de l'Entreprise Féminine, le programme participe à la prise en compte des aspects de genre au Maroc.</i> » (BCS, « potentiel de viabilité ») (BCS, « potentiel de viabilité »).</p> <p><b>Appui aux institutions financières de garantie aux PME – Maroc</b> .</p>
<b>JC 2.8</b>	<b><i>The Commission PSD activities have contributed to the decent work agenda and/or the improvement of core labour standards and rights of the worker</i></b>
<b>Findings at JC level</b>	Attention to a decent work agenda and/or improvement of core labour standards and social governance was not a focus or a component of the Commission's PSD support in Morocco
<b>I-2.8.1</b>	EC macro-economic and policy interventions targeted the decent work agenda and/or improvement of core labour standards and social governance in beneficiary countries during the evaluation period
<b>I-2.8.2</b>	Regulations passed on core labour standards and/or social governance in beneficiary countries during the evaluation period
<b>I-2.8.1</b>	<b>MOROCCO:</b> Attention to a decent work agenda and/or improvement of core labour standards and social governance was not a focus or a component of the

	<p>Commission's PSD support in Morocco. This being said, a new labour code entered into force in June 2004 which included the principle of the nondiscrimination between women and men as regards employment and wages, was expected to improve labour relations and flexibility in the labour market and prohibit child labour under the age of 15. There is no evidence however of a link to Commission support or policies.</p>
	<p><b>Appui aux entreprises – Maroc:</b> decent work agenda and/or improvement of core labour standards and social governance were not addressed in this programme.</p>
	<p><b>Capmezzanine – Maroc</b></p>
	<p><b>Appui aux Associations Professionnelles II – Maroc:</b> see I-2.7.1</p>
	<p><b>Appui aux institutions financières de garantie aux PME – Maroc</b></p>
I-2.8.2	<p><b>MOROCCO</b> The CSP 2007-2013 only mentions that “<i>new labour code entered into force in June 2004.</i>” (p.13) and « <i>Major reforms have been carried out to <b>improve the legal situation of woman</b>, in particular the new family code, the amendment of the penal code to make more suitable provision against discrimination and violence, the adoption of the electoral code which gives new opportunities to women, and the entry into force of the <b>new labour code based on the principle of the nondiscrimination as regards employment and wages.</b> » (p.16). “<i>The new labour code adopted in 2004 is expected to improve labour relations and flexibility in the labour market. The code emphasizes equality and the combating of all forms of discrimination. It consolidates specific protection measures for women, and prohibits child labour under the age of 15. However, the code has yet not been fully implemented. Equal treatment of women in employment relations and combating illegal child labour remain major challenges.</i> » (p.35)</i></p>
	<p><b>Appui aux entreprises – Maroc:</b></p>
	<p><b>Capmezzanine – Maroc</b></p>
	<p><b>Appui aux Associations Professionnelles II – Maroc</b></p> <p>This aspect was not addressed in this programme whose ultimate objective was improving enterprises' competitiveness in the context of the AA; One indication of this is performance indicators which do not address labour issues (source: <i>Financial Agreement</i>, p.24).</p>
	<p><b>Appui aux institutions financières de garantie aux PME – Maroc</b></p>

EQ 3	<p>To what extent did the set of Commission funding vehicles and aid modalities for supporting PSD strategies and activities of partner countries and regions result in the provision of timely responses at a reasonable cost to the challenges faced by the private sector in third countries, while fostering synergies among each other and with vehicles offered by other actors?</p>
<p>Other relevant information (not captured elsewhere)</p>	<p>Information on the use of the twinning instrument to support I&amp;R reform conducive to PSD :</p> <ul style="list-style-type: none"> <li>▪ <b>« Appui au Renforcement des Autorités de la Concurrence au Maroc</b> (Ministère des Affaires Economiques et Générales, Direction de la Concurrence et des Prix (DCP) en partenariat avec la GTZ et le Ministère Fédéral allemand de l'Économie et de la Technologie (BMW). <i>« Le projet de jumelage s'intègre dans le Programme d'Appui à l'Accord d'Association signé entre le Maroc et l'Union européenne. Le projet vise à contribuer à l'amélioration de l'efficacité et au renforcement de la compétitivité de l'économie marocaine dans un contexte d'ouverture du marché et ce par la promotion du droit et d'une politique de la concurrence. Son objectif global est également de rapprocher le système marocain de la concurrence avec le système en vigueur au sein de l'Union européenne. Dans le cadre de ce projet, l'expertise allemande est mise en oeuvre pour le renforcement des capacités des autorités de la concurrence dans le domaine de l'application du droit et des règles de la concurrence et pour la promotion de la politique de la concurrence au Maroc. Le contrat de jumelage conclu entre le Royaume du Maroc et la République fédérale d'Allemagne en août 2007 pour une période de 30 mois prévoit un budget de 1.500.000 €. »</i> (Source : <a href="http://www.jumelage-concurrence.eu/fr/project/01.htm">http://www.jumelage-concurrence.eu/fr/project/01.htm</a>)</li> <li>▪ <b>Projet de jumelage « Renforcement des capacités institutionnelles »</b> (de la Direction des Entreprises Publiques et de la Privatisation du Ministère des finances dans les domaines des partenariats public-privé, de la gouvernance et de l'information financière des établissements et entreprises publics) : <i>« D'une valeur de 965 millions de dirhams (970.000 euros), le programme qui sera entièrement financé par l'Union européenne associera le ministère marocain de l'Economie et des finances et le ministère allemand de l'Economie et de la technologie en partenariat avec le groupement des entreprises du secteur public de l'Irlande du nord. Le programme aura pour objectif de renforcer les capacités institutionnelles de la Direction des entreprises publiques et de la privatisation (DEPP) dans les domaines des partenariats public-privé, de la gouvernance et de l'information financière des établissements et entreprises publics. La mise en 'œuvre de ce projet permettra donc de consolider le rôle des entreprises publiques dans l'économie marocaine en matière d'investissement, de gouvernance et de gestion. Il contribuera également à ouvrir la voie à de nouvelles formes de coopération entre le secteur public et le privé en matière de financement et de gestion d'équipement publics et facilitera le processus de privatisation ou d'ouverture du capital des entreprises publiques. »</i> (Source : <a href="http://actualites.marweb.com/maroc/politique/un-nouveau-programme-de-jumelage-institutionnel-avec-union-e.html">http://actualites.marweb.com/maroc/politique/un-nouveau-programme-de-jumelage-institutionnel-avec-union-e.html</a>)</li> </ul> <p><i>« Un jumelage c'est un partenariat avec les administrations – le travail porte sur le cadre réglementaire et institutionnel – et non pas avec les entreprises. » (MN804).</i></p>
JC 3.1	<p><b><i>The set of funding vehicles or aid modalities developed by the Commission at general level to support partner country PSD strategies and activities</i></b></p>

	<i>aimed at covering the range of challenges faced by the private sector in third countries, while bearing in mind efficiency and synergies</i>
Findings at JC level	Not applicable to a country case.
I-3.1.1	Documents outlining the rationale of each modality/ instrument with respect to PSD identify the specific challenges to which it should respond
I-3.1.2	Commission documents explain how the <i>set</i> of instruments/modalities covers the needs of the private sector in a comprehensive manner, while fostering efficiency and synergies
I-3.1.3	Stakeholders consider that the Commission's set of instruments was designed with a view to tackle challenges while fostering efficiency and synergies
I-3.1.1	<b>MOROCCO:</b> not applicable to a country case.
	<b>Appui aux entreprises – Maroc</b> not applicable to a country case.
	<b>Capmezzanine – Maroc:</b> not applicable to a country case. However as regards the instrument “Support to FEMIP”, the Commission supports this Fund which is managed and implemented by the EIB and supports risk capital operations (through the Risk Capital Fund) and their accompanying TAs in the Mediterranean region (source: European Commission, <i>Complément à la Decision de la Commission Decision sur l'action 'Facilité de capital à risques'</i> , 2005).
	The Commission Decision document presents the rationale of the FEMIP instrument and the specific challenges to which it should respond: “ <i>In the context of the Barcelona Process and the construction of the Euro-Mediterranean free trade area, one of the main objectives of FEMIP is to promote and help businesses to modernise and gear themselves up to a new, more competitive environment through facilitated access to financing. At the same time, the operations serve to strengthen the financial sector by improving their intermediation capacities and extending the range of financial products available on the market</i> ”. (source: European Commission, <i>Complément à la Decision de la Commission Decision sur l'action 'Facilité de capital à risques'</i> , 2005).
	As regards the TA support under the “Support to FEMIP” instrument, the same documents indicates that: “ <i>Le Fonds d'assistance technique de soutien à la FEMIP a été institué en 2003 par la Commission afin de renforcer l'action de la BEI dans la région, en particulier en faveur du secteur privé. Ce fonds finance des actions d'assistance technique en vue d'identifier et/ou de renforcer l'impact des projets d'investissement de la BEI. Les intermédiaires financiers avec lesquels la BEI coopère peuvent bénéficier d'une assistance technique au titre de ce Fonds. Il s'agit, par exemple, des banques qui gèrent les prêts globaux de la BEI en Egypte et en Syrie, de la structuration d'un fonds d'amorçage en Tunisie ou de la formation d'une équipe de gestion pour le lancement d'un fonds d'investissement au Liban</i> ».
	The priority areas to be supported under the “Support to FEMIP” Risk Capital Fund are, according to the same document: « <i>support for development of the financial sector; support for competitive business restructuring; support for privatisation programmes.</i> ».
	<b>Appui aux Associations Professionnelles II – Maroc</b> not applicable to a country case.

	<b>Appui aux institutions financières de garantie aux PME – Maroc</b> not applicable to a country case.
<b>I-3.1.2</b>	<b>MOROCCO:</b> not applicable to a country case.
	<b>Appui aux entreprises – Maroc</b> not applicable to a country case.
	<b>Capmezzanine – Maroc</b> The Commission Decision document quotes an evaluation of the financial instruments funded by MEDA and managed by the EIB which found that (1) the Risk Capital operations funded under the “Support to FEMIP” instrument were relevant to PSD, but that (2) efficiency and synergies with other Commission instruments could have been better: “ <i>In 2001, the Commission undertook an evaluation of the financial instruments funded by MEDA and managed by the EIB. The general conclusion of this evaluation is that risk capital operations are highly relevant for private sector development. The evaluation recommended (1) a more active management on the part of the EIB in the search for projects and new partners; (2) greater complementarity between EIB actions and those of the Commission</i> ” and “ <i>« Risk capital as a long-term financial instrument enabling direct or indirect equity stakes plays a fundamental role in private sector development.</i> ” (source: European Commission, Complément à la Décision de la Commission Décision sur l’action ‘Facilité de capital à risques’, 2005).
	<b>Appui aux Associations Professionnelles II – Maroc</b> not applicable to a country case.
	<b>Appui aux institutions financières de garantie aux PME – Maroc</b> not applicable to a country case.
<b>I-3.1.3</b>	<b>MOROCCO:</b> not applicable to a country case.
	<b>Appui aux entreprises – Maroc</b> not applicable to a country case.
	<b>Capmezzanine – Maroc</b> not applicable to a country case.
	<b>Appui aux Associations Professionnelles II – Maroc</b> not applicable to a country case.
	<b>Appui aux institutions financières de garantie aux PME – Maroc</b> not applicable to a country case.
<b>JC 3.2</b>	<b><i>When designing its support for partner country PSD strategies and activities in specific countries or regions, the Commission’s choice of funding vehicles or aid modalities was geared towards the specificity of challenges, the expected efficiency and the potential synergies with other vehicles or modalities</i></b>
<b>Findings at JC level</b>	<p>In MOR, EC support through bilateral assistance (progs/projects, twinning, BS, NIF) and through centralised / regional operations (FEMIP via EIB):</p> <ul style="list-style-type: none"> <li>• Programme approach (at meso &amp; micro levels): (1) addressed key needs (financial guarantees, CTIs, creation ANPME) with (MN803, 806, 807, 811, 812, 814, 816), (2) positive, yet ad-hoc effects/impact (e.g. enterprise upgrading &amp; access to finance but proportionately small number of enterprises) (MN803, 806, 807, 811, 812, 814, 816) (3) yet enables EC contact with PS reality on the ground (MN803, 816, 806).</li> <li>• BS and twinning (macro &amp; meso): (1) support to implementation of government strategy, macro-level intervention; I&amp;R reforms should</li> </ul>



	<p>benefit all enterprises, (2) strong leverage of EC grant in accelerating reforms, (MN801, 809, 810, 817, 813, 818) (3) accompanying TA important for institutional capacity building &amp; knowledge transfer. (MN807, 813, 817, 818)</p> <ul style="list-style-type: none"> <li>• In MOR, EC project approach created enabling conditions / institutions for later follow-up through BS. Yet move to BS also influenced by HQ instructions and beneficiary's demands. (MN801, 810, 817, 818)</li> </ul> <p>Amongst the interventions selected in Morocco, most were based on the project-approach and funded under MEDA. One intervention was funded under the "Support to FEMIP" instrument managed by the EIB (Capmezzanine) and another was managed by the EIB also (Appui aux institutions financières de garantie aux PME). Although this is not directly related to the Commission's choice of instruments/modalities, it is worth noting that two out of four interventions were the continuation of completed interventions, thus ensuring continuity.</p> <p>It is not clear at this stage, to what extent the support to Capmezzanine and to the guarantee institutions were meant to complement other interventions/create synergies with them, and vice versa.</p> <p>There is some evidence of a lack of strategic thinking in the Commission's choice of instruments and aid modalities, which is made at EUD level, for its PSD support. This has to be tested later on.</p>
I-3.2.1	Justification of the choice of instruments in strategy and programming documents at country/regional level
I-3.2.2	Justification of the choice provided by Commission representatives
I-3.2.1	<p><b>MOROCCO:</b> The CSP 2007-2013 indicates the Commission is committed to using its available instruments in the most effective way: <i>"To implement its external policy the EU has a large array of instruments. A coherent set of instruments to ensure maximum effectiveness will be selected during the formulation of the objectives of EU-Morocco cooperation."</i> (p.5).</p> <p>The same CSP limits itself to indicating that MEDA is the main funding programme in Morocco and that it supports all sorts of sectors. Aside from that it doesn't further justify the choice of MEDA. <i>"The Meda programme (adopted in July 1996) is the EU's <b>principal financial instrument</b> for the implementation of the Euro-Mediterranean partnership [...] Meda cooperation touched all socio-economic spheres in Morocco. [...] Investment programmes were implemented to support enterprise development, vocational training in the tourism, textile..."</i> (p.17).</p> <p>The same CSP also mentions the <b>FEMIP</b> managed by the EIB, although it doesn't specifically justify the choice of this instrument: <i>"Within the framework of the Barcelona process the EIB has strengthened its financial links with the Mediterranean partners thanks to the creation of a specific instrument: the Euro Mediterranean investment and partnership facility (FEMIP)."</i> (p.17-18).</p> <p>An interviewee at HQ indicated that Budget support, technical assistances as well as the project approach had supported PSD in Morocco.</p> <p>Budget support, it was explained, is chosen to support macro-level changes and encourage sector reform, to enhance political dialogue, to enable better ownership than more conventional technical assistance (MN601). However the rationale for the choice of this instrument has not always been clear nor rational in the ENPI</p>

	<p>South region: it was explained that whilst the intention was to use GBS to support the government's general development strategy or, in the case of an SBS, to support a particular sector, it had been the case that a fully-fledged/proper strategy was found lacking. For example, in Morocco, there was no strategy in terms of quality infrastructure (accreditation agencies etc.). Rather BS has sometimes been chosen for political reasons, notably to give a signal on the quality of relations between the Commission and beneficiary countries. (MN601).</p> <p>It was also explained that units at HQ were not involved in the choice of the aid modality or instrument: <i>“When we (at HQ) receive the identification fiche, the identification has been done at EUD level and the choice of instrument has already been made. My unit is not consulted on the choice of the aid modality.”</i> (MN601).</p> <p><i>«L'appui au secteur privé au Maroc a début en 1996. On peut distinguer 2 phases dans la coopération : 1996-2008 avec l'approche projet et post-2008 avec l'AB (le Programme d'appui aux investissements et exportations, PIE). »</i> (MN801)</p> <p><b>Appui aux entreprises – Maroc</b></p> <p>The information provided here gives evidence more of consistency and continuity with previous interventions than on the justification of the choice of instrument. The Financial Agreement indicates that the present programme followed up on two former ones: <i>“Le programme d'Appui aux entreprises s'inscrit dans la continuité des interventions de la Commission européenne au Maroc dans le domaine du développement économique et commercial du programme MEDA I. Tout particulièrement, par ses volets «Qualité/Normalisation» et «Modernisation des PME», il représente une suite logique aux projets existants «Promotion de la Qualité» et «Euro Maroc Entreprise». Un troisième volet, « Fonds national de mise à niveau (FOMAN) », complète le programme avec l'objectif d'appuyer les efforts marocains dans la création d'un instrument national de mise à niveau. »</i> (p.2).</p> <p>The fourth monitoring report (MR-10248.04) also indicates that synergies with the programme « programme d'appui aux associations professionnelles (PAAP2) were established towards the end of the present programme : <i>« Depuis le redémarrage du Programme d'appui aux associations professionnelles (PAAP 2) ses activités commencent à être intégrées : actions groupées et de communication avec CT et AP »</i> (p.1).</p> <p><b>Capmezzanine – Maroc</b></p> <p><b>Appui aux Associations Professionnelles II – Maroc</b></p> <p>The only element mentioned in the Financial Agreement is that the programme was programmed under the 2005-2006 NIP, without any further information on the choice of the instrument or other: <i>“Le projet PAAP II est prévu par le P.I.N. 2005-2006 au chapitre II.I.3. pour une contribution CE de 5.000.000 Euros en 2005.”</i> (p.23).</p> <p><b>Appui aux institutions financières de garantie aux PME - Maroc</b></p>
I-3.2.2	<p><b>MOROCCO</b></p> <p>A Commission staff representative presented the chronology of the EC's PSD support in Morocco, including the evolution in aid modalities:</p> <p><i>« On peut distinguer 3 clusters de forme de soutien (1) l'approche projet, (2) les projets de jumelage, dès 2005, dans les programmes d'aide à mise en œuvre de l'AA, un des focus principaux de nos jumelages est le secteur privé, (3) la nouvelle approche sectorielle à travers l'Appui Budgétaire Général. On note également l'émergence de la Facilité d'investissement de voisinage (NIF). »</i> (MN801).</p> <p>Another Commission representative presented the relevance of different aid modalities :</p>

	« L'appui budgétaire est adapté pour appuyer des politiques publiques. L'approche projet, elle est utile selon la cible et des besoins. » (MN802).
	<b>Appui aux entreprises – Maroc</b>
	<b>Capmezzanine – Maroc</b>
	<b>Appui aux Associations Professionnelles II – Maroc</b>
	<b>Appui aux institutions financières de garantie aux PME – Maroc</b>
<b>JC 3.3</b>	<b><i>The level at which the Commission intervened (national, regional, supra-regional) was appropriate to meet the specific challenges in terms of PSD</i></b>
<b>Findings at JC level</b>	There is very little information on the Commission's reasoning behind the level at which the Commission intervened.
<b>I-3.3.1</b>	Strategy and programming documents show evidence that the intervention level was selected on the basis of a consideration of the challenges being addressed.
<b>I-3.3.2</b>	Stakeholders consider that the selection of intervention levels made by the Commission across the board of its PSD interventions, has been appropriate to the challenges being addressed
<b>I-3.3.3</b>	Stakeholders consider that the selection of intervention levels made by the Commission has enabled synergies and cross-fertilisation to develop between countries and regions.
<b>I-3.3.1</b>	<b>MOROCCO:</b>
	<b>Appui aux entreprises – Maroc:</b> the financial agreement only mentions that: “ <i>Le programme a vocation de couvrir l'ensemble du pays. Une attention particulière sera portée à l'équilibre régional de ses activités.</i> » (p.10). It does not mention geographical choices based on existing challenges.
	<b>Capmezzanine – Maroc</b>
	<b>Appui aux Associations Professionnelles II – Maroc</b>
	<b>Appui aux institutions financières de garantie aux PME – Maroc</b>
<b>I-3.3.2</b>	<b>MOROCCO:</b>
	<b>Appui aux entreprises – Maroc:</b> the ROM reports indicate, in this regard, an evolution in the relevance of the geographical coverage of the programme. The first monitoring report (MR-010248.01) reports that initially the project's geographical coverage was insufficient due to the weak resources of the programme's unit in Casablanca “ <i>l'intention initialement envisagée de placer l'essentiel de l'activité d'appui aux entreprises sur le pôle économique national de Casablanca (comme suite logique des acquis de l'EME), n'a pu être maintenue et le Programme doit se contenter aujourd'hui d'une petite antenne à Casablanca, trop faible pour permettre une dynamique et une gestion opérationnelle saine des activités à mettre en oeuvre en direction des entreprises et des autres organismes économiques cibles, pour la plupart localisées sur Casablanca.</i> » (p.1). Since the first monitoring report (MR-010248.01) however a new and stronger unit was created in Casablanca: “ <i>une antenne de l'ANPME<sup>1</sup> a été créée à Casablanca, afin d'augmenter la visibilité des actions proposées auprès des entreprises cibles, majoritairement situées</i>

<sup>1</sup> L'Agence Nationale de Promotion de la PME(ANPME) est une agence d'exécution du programme.

	<p><i>dans cette zone. » (p.1).</i></p> <p>The third monitoring report indicates that the regional coverage has been extensive: « <i>Les activités de l'ANPME se poursuivent par l'intermédiaire des 14 réseaux RIMANE mis en place au sein des délégations régionales du MICMANE, couvrant 30 régions. Elles portent notamment sur la sensibilisation de chaque région à faire relayer l'action de l'Agence en faveur de la modernisation des PME, à faire émerger les besoins latents des PME et à assurer le suivi en matière d'AT.</i> » (p.2).</p> <p>On the other hand, the evaluation of the programme found that enterprises which benefitted from the second component of the programme «Modernisation des PME » were generally relatively well-spread out across the country: “<i>Sur le plan régional, le PAE devait viser un certain équilibre Même si la majorité des interventions (59%) a eu lieu à Casablanca et son voisinage, ce qui correspond au paysage industriel du pays, le programme aura finalement étendu son rayonnement à tout le royaume</i> » (ADE (for the European Commission), <i>Evaluation finale ex-post du Programme d'Appui aux Entreprises – Maroc</i>, 2010, p.31).</p>
	<b>Capmezzanine – Maroc</b>
	<p><b>Appui aux Associations Professionnelles II – Maroc</b></p> <p>The second monitoring report indicates that the selection of the level of the present intervention (national) was appropriate to the challenges being addressed and more importantly the needs were well addressed ; taking into account regional and socio-cultural considerations « <i>les activités résultent d'analyses effectuées par les AP elles-mêmes et qui ont tenu compte pleinement de ces aspects socioculturels et des particularités régionales dans l'établissement des objectifs à atteindre en fonction des besoins de leurs adhérents</i> » (BCS, « potentiel de viabilité »).</p>
	<b>Appui aux institutions financières de garantie aux PME – Maroc</b>
<b>I-3.3.3</b>	<b>MOROCCO:</b>
	<b>Appui aux entreprises – Maroc</b>
	<b>Capmezzanine – Maroc</b>
	<b>Appui aux Associations Professionnelles II – Maroc</b>
	<b>Appui aux institutions financières de garantie aux PME – Maroc</b>
<b>JC 3.4</b>	<b><i>The implementation showed that funding vehicles or aid modalities were appropriate to tackle challenges and to do so efficiently and in synergy with other vehicles</i></b>
<b>Findings at JC level</b>	<p>Evidence of consistency and continuity with previous and ongoing interventions.</p> <p>Avenues for BS improvements:</p> <ul style="list-style-type: none"> <li>• Maintaining project approach in parallel to BS: PSD assistance through BS exclusively = losing contact with economic actors ground. (MN806, 810, 816, 818)</li> <li>• Questions on necessity and appropriateness of larger EC role in following Ministry of Finance budgetary allocations between ministries to meet conditionalities, as estimated at design stage (MN807, 810, 813)</li> <li>• Increased flexibility in conditionality matrix to (1) match rapid evolutions,</li> </ul>

	<p>characteristic of PSD context e.g. WB, (2) results-based approach vs. an action based one (MN810, 817, 813, 809)</p> <ul style="list-style-type: none"> <li>• Better communication to beneficiary institutions on the instrument: rationale otherwise misunderstandings: e.g. accompanying TA eligibility for achievement of conditionality (MN813, 817, 807)</li> <li>• Considering MOR institutional context (multiplicity, lack of leadership), a strong national coordination structure would have been necessary. (MN810)</li> </ul> <p>At general level, evidence of a disconnect between centralised and bilateral operations. Could FEMIP funding better support (1) SME access to finance/upgrading as supported by EC assistance and (2) adoption of a specific reform supported by EC/other donors? E.g. through joint programming &amp; identification of projects. (MN801, 810, 815, 818)</p>
I-3.4.1	Evidence provided in reports on the support concerning the appropriateness of instruments/modalities, their efficiency and synergies with other instruments/modalities
I-3.4.2	Stakeholders consider that instruments (specific instruments and/or the set of instruments) were appropriate and enhanced efficiency and synergies
I-3.4.1	<p><b>MOROCCO:</b> no country evaluation report.</p> <p><b>Appui aux entreprises – Maroc</b></p> <p>No specific information on the level of appropriateness of this programme's instruments/modalities, its efficiency and synergies with other instruments/modalities but rather evidence of consistency and continuity with previous and ongoing interventions: "<i>Le PAAP II s'intègre tout à fait également dans la série des programmes précédents financés par la Commission européenne en faveur du développement du secteur privé marocain tels que : Euro Maroc Entreprise (EME), Programme Qualité, Programme d'Appui aux Entreprises (PAE), Programme d'Appui aux Institutions de Garantie Marocaines (PAIGAM) et le Programme d'Appui aux Investissements et aux Exportations (PIE).</i>" (source: ACE International Consultants (for the European Commission), <i>Mission d'évaluation finale du Programme d'appui aux Associations Professionnelles au Maroc (PAAP II), Evaluation finale, 2011, p.5).</i></p> <p><b>Capmezzanine – Maroc</b></p> <p><b>Appui aux Associations Professionnelles II – Maroc</b></p> <p>No specific information on the level of appropriateness of this programme's instruments/modalities, its efficiency and synergies with other instruments/modalities but rather evidence of consistency and continuity with previous interventions.</p> <p><b>Appui aux institutions financières de garantie aux PME – Maroc</b></p>
I-3.4.2	<b>MOROCCO</b> no country evaluation report. An interviewee at Headquarters considered that instruments and aid modalities are not always chosen rationally and that in the case of budget support, it has sometimes been chosen for political reasons, to send a signal on the quality of a cooperation relationship, rather than because the beneficiary had fully met the BS conditionalities (absence of a fully-fledged/proper strategy. For example, in Morocco, no strategy in terms of quality infrastructure (accreditation etc.)). She reported that when HQs receive the identification fiche, the identification has been done at EUD level and the choice

	<p>of instrument has already been made, and that her unit was not consulted on the choice of the instrument or aid modality. (MN 601).</p> <p>Additional information from interviews with Commission representatives and Moroccan officials on the choice of aid modalities in Morocco:</p> <p>“L’appui budgétaire général (appui aux exportations et investissements) est sectoriel, basé sur la stratégie industrielle marocaine EMERGENCE. » (MN801)</p> <p>« Au début, l’approche projet était pertinente : on avait besoin d’appuyer les relais des entreprises, c’est-à-dire de renforcer les associations professionnelles. C’est en tant <b>que relai</b> que le CGPME a été soutenu en tant que courroie de transmission. Aujourd’hui on est passé à autre chose : l’appui budgétaire général (MN802).</p>
	<b>Appui aux entreprises – Maroc</b>
	<b>Capmezzanine – Maroc</b>
	<b>Appui aux Associations Professionnelles II – Maroc</b>
	<p><b>Appui aux institutions financières de garantie aux PME – Maroc</b></p> <p>Partners and beneficiaries reported cumbersome procedures :</p> <p>« La convention de financement était trop restrictive, pour déblocage, il fallait tous les justificatifs, redondance avec les banques – faire contrôle cas par cas » (MN 803).</p> <p>« rigidité dans les procédures CE. L’aide est toujours conditionnée, très très cadré. » (MN 803).</p>
<b>JC 3.5</b>	<b><i>Projects were implemented in line with planning, both in terms of timeliness and costs</i></b>
<b>Findings at JC level</b>	<p>Evidence of delays at the start of and during implementation of PSD support and/or readjustment of target/activities: two of the projects needed to be extended by two years due to delays in their launch. Causes for delay include inflexible instruments, limited capacity from the beneficiary’s side. One intervention achieved more than initially expected, whereas another under-achieved.</p> <p>Partially linked to aid modality/funding vehicle (but also insufficient stakeholder consultation /needs analysis/understanding of political economy): PAIGAM, PAE. (MN803, 806, 816, 812)</p> <p>However appreciation of EC responsiveness, considering EC procedures generally reported as too heavy and somewhat ill-adapted to dynamics of private sector (MN803, 806, 816).</p>
<b>I-3.5.1</b>	Stakeholders consider that timing and planning do fit requirements of private sector actors
<b>I-3.5.2</b>	Evidence provided in reports on the extent to which planned timing and costs were respected
<b>I-3.5.3</b>	Views of stakeholders on the extent to which planned timing and costs were respected
<b>I-3.5.4</b>	Factors having enhanced or hampered the respect of planning in terms of time and costs as displayed in reports and invoked by stakeholders
<b>I-3.5.1</b>	<b>MOROCCO:</b> An interviewee at HQ reported that respecting the planning required capacity and political will. She also considered that intervention designers

	needed to take into account the local political economy to prevent implementation difficulties. (MN601).
	<b>Appui aux entreprises – Maroc</b>
	<b>Capmezzanine – Maroc</b>
	<b>Appui aux Associations Professionnelles II – Maroc</b>
	<b>Appui aux institutions financières de garantie aux PME – Maroc</b>
<b>I-3.5.2</b>	<b>MOROCCO</b>
	<p><b>Appui aux entreprises – Maroc</b></p> <p>The NIP 200-2004 reveals delays in the identification of the programme : « <i>Ce programme était prévu dans la programmation 2001 et dans le cadre du PIN 2000- 2002. Des retards dans l'identification l'ont décalé vers la programmation 2002-2004.</i> » (p.40).</p> <p>At the level of implementation, the programme was extended by two years (initially 2008 to 2010).</p> <p>The monitoring reports also give evidence of a number of delays: <b>The second monitoring report (MR-10248.02) indicates that the component «Qualité/Normalisation» of the programme aimed at supporting the transfer of international norms suffered from delays</b> : « <i>La mise en oeuvre du volet « Qualité », qui consiste avant tout à organiser le transfert des normes internationales vers le Maroc et à achever la mise en place des 5 Centres techniques (CT), a été marquée par un important retard des procédures de passation de marchés.</i> » (p.2).</p>
	<b>Capmezzanine – Maroc .</b>
	<p><b>Appui aux Associations Professionnelles II – Maroc</b></p> <p>The BCS of the second monitoring report gives evidence of the extension of the programme : « <i>Le PAAP après la signature le 2 août 2007 de l'avenant N°1 à la Convention de Financement, a vu sa période de mise en œuvre opérationnelle prolongée de 10,5 mois et une période de « phasing out » de 3 mois ajoutée.</i> »</p> <p>However it also gives evidence of the programme's efficiency at the time of the second monitoring report : « <i>Tenant compte de la complexité des activités à mettre en place dans 54 AP les résultats sont au-dessus des attentes initiales</i> » and « <i>Bien que 7% du budget soit consommé à l'heure actuelle car bon nombre d'activités doivent être finalisées avant d'apparaître comme décaissement ceci surtout pour les études réalisées avec le soutien du programme, les résultats sont donc très prometteurs.</i> » (BCS, «<i> efficiency</i> »).</p> <p>The evaluation report indicates that 65% of the activities planned in the supported APs' operational plans were achieved but that this figure is substantial considering the constraints of the Financial agreement instrument which is particularly rigid and limited AP's ability to adapt some of the planned activities « <b><i>Le taux de réalisation d'ensemble des activités planifiées dans les plans opérationnels des Associations appuyées par le PAAP II s'élève à 65%, ce qui constitue une performance car le fait d'avoir choisi une Convention de Financement pour gérer ce programme a eu pour conséquence une rigidité et une lenteur des procédures (nécessité d'avenants pour des variations simples, peu de possibilités de transfert de ligne à ligne, impossibilité d'utilisation des reliquats, etc.) et a rendu difficile pour certaines AP la poursuite d'actions cohérentes et pertinentes aux problèmes posés dans leur secteur et a gelé leurs capacités d'adaptation.</i></b> » and « <i>Les moyens et coûts affectés au programme ont été suffisants pour atteindre les</i></p>

	<p><i>objectifs fixés par le fait que seulement 65% de l'argent a été dépensé. Les modalités complexes et rigides de financement des actions ont retardé ou forcé à abandonner la mise en place de plans d'action dans les AP. Comme déjà dit, plusieurs Associations Professionnelles visitées par l'équipe d'évaluateurs ont déclaré avoir abandonné certaines activités projetées par manque de temps et par la difficulté de convaincre des fournisseurs de biens et services de soumissionner dans le cadre de budgets très faibles et de conditionnalités complexes. Il faut répéter que la lecture des comptes-rendus du Comité de Pilotage permet de penser que celui-ci n'a pas joué pleinement son rôle de supervision du PAAP II.</i> » (source: ACE International Consultants (for the European Commission), <i>Mission d'évaluation finale du Programme d'appui aux Associations Professionnelles au Maroc (PAAP II), Evaluation finale</i>, 2011, p.36 and 43).</p>
	<p><b>Appui aux institutions financières de garantie aux PME – Maroc</b></p> <p>The evaluation report concludes that « <i>le PAIGAM n'a pas été performant sur le plan de l'efficacité.</i> » (source : ACE Consultants (for the European Commission), <i>Mission d'évaluation finale du programme d'appui aux institutions de garantie marocaines. Pays bénéficiaire : Maroc</i>, 2010, p.8).</p> <p>It gives evidence of <b>under-achievements in view of expected results</b>: « <i>Les résultats sont restés très éloignés des objectifs de 40 M € par an de cogarantie, c'est-à-dire 320 M € sur huit ans, et 900 M. € d'investissement. [...] les prévisions initiales n'ont globalement été atteintes qu'à raison de 41 % pour les contre-garanties émises et de 51 % pour les investissements.</i> ». The report concludes that : « <b>les actions n'ont pas débouché sur des résultats quantitatifs à la hauteur du budget alloué en termes des ressources humaines et de ressources financières</b> ». (source : ACE Consultants (for the European Commission), <i>Mission d'évaluation finale du programme d'appui aux institutions de garantie marocaines. Pays bénéficiaire : Maroc</i>, 2010, p.7).</p>
I-3.5.3	<p><b>MOROCCO</b></p> <p><b>Appui aux entreprises – Maroc</b></p> <p><b>Capmezzanine – Maroc</b></p> <p><b>Appui aux Associations Professionnelles II – Maroc</b></p> <p><b>Appui aux institutions financières de garantie aux PME – Maroc</b></p>
I-3.5.4	<p><b>MOROCCO: see I-3.5.1.</b></p> <p><b>Appui aux entreprises – Maroc</b></p> <p>The second monitoring report (MR-10248.02) highlights a number of shortcomings which have impacted planning and costs « <i>Les conditions de démarrage perturbées du programme, les faiblesses de sa conception, la diversité des entités publiques bénéficiaires responsables de chaque volet, l'absence de l'UGP en tant qu'unité de coordination et le cloisonnement entre les différents volets, qui ont soulevé d'importants défauts dans la mise à disposition des moyens prévus par la CF, ne nous permettent pas d'avancer au stade actuel du programme sur des critères et indices précis d'efficacité en faveur des bénéficiaires prévus.</i> » (p.2).</p> <p>The evaluation reports identified the following factors : « <i>la succession de 3 chefs de projet en 4 ans, la dispersion géographique de l'UGP, la multiplication des centres de décision ou encore le retard considérable au début du programme. La mission a également relevé une grande difficulté de coordination et de communication, chaque volet du programme ayant donné l'impression de travailler isolément pour son propre compte</i> » (ADE (for the European</p>



	<p>Commission), <i>Evaluation finale ex-post du Programme d'Appui aux Entreprises – Maroc</i>, 2010, p.12).</p> <p>One interviewee at HQ mentioned that the respect of timing required capacity and political will as well as the proper consideration of the local political economy. (MN601).</p>
	<p><b>Capmezzanine – Maroc</b></p>
	<p><b>Appui aux Associations Professionnelles II – Maroc</b></p> <p>The evaluation report indicates that <i>« le fait d'avoir choisi une Convention de Financement pour gérer ce programme a eu pour conséquence une rigidité et une lenteur des procédures (nécessité d'avenants pour des variations simples, peu de possibilités de transfert de ligne à ligne, impossibilité d'utilisation des reliquats, etc.) et a rendu difficile pour certaines AP la poursuite d'actions cohérentes et pertinentes aux problèmes posés dans leur secteur et a gelé leurs capacités d'adaptation. »</i> (source: ACE International Consultants (for the European Commission), <i>Mission d'évaluation finale du Programme d'appui aux Associations Professionnelles au Maroc (PAAP II)</i>, <i>Evaluation finale</i>, 2011, p.36 and 43).</p>
	<p><b>Appui aux institutions financières de garantie aux PME – Maroc</b></p> <p>The insufficient percentage of emitted co-guarantees and of investments are accounted for, according to the evaluation report, by banks' risk aversion. However considering that the co-guarantee was free, the report indicates that a more aggressive approach could have reaped better results: <i>« d'une volonté de ne pas prendre de risques, principalement de la part des banques qui sont les demanduses de garantie. Compte tenu de l'existence d'une cogarantie gratuite, on aurait pu envisager une utilisation plus « agressive » du programme. »</i> (source : ACE Consultants (for the European Commission), <i>Mission d'évaluation finale du programme d'appui aux institutions de garantie marocaines. Pays bénéficiaire : Maroc</i>, 2010, p.8). The evaluation report also indicates that as under-achievements (in view of expected results) were evident early on in the project, the project managers should have introduced performance indicators such as target enterprises, to give an incentive to banks and the supported guarantee institutions to take on more risky investment projects: <i>« Ce constat aurait dû être l'occasion, lors de la rédaction des avenants, d'introduire des indicateurs de performance tels que le nombre d'entreprises à toucher, et donc de donner une incitation supplémentaire aux banques et aux IGM d'assumer plus de risques" »</i> (source : ACE Consultants (for the European Commission), <i>Mission d'évaluation finale du programme d'appui aux institutions de garantie marocaines. Pays bénéficiaire : Maroc</i>, 2010, p.7).</p>

EQ 4	To what extent did the Commission contribute to make the institutional and regulatory framework more conducive to PSD?
<b>Other relevant information (not captured elsewhere)</b>	<p>In MOR, AA regulatory convergence commitments imply large I&amp;R reform; have been supported by EC through twinning, BS and project approach (and also through Support to FEMIP):</p> <ul style="list-style-type: none"> <li>• Competition: creation of Competition Council, support to drafting of law (through twinning and BS); (MN804, 817)</li> <li>• Enterprise governance and PPP Training Manual (through twinning) (MN804, 817)</li> <li>• Quality standards and implementing institutions (CTIs): PAE and PIE (through BS) (MN807, 814, 810, 806)</li> </ul>
<b>JC 4.1</b>	<b><i>The Commission support was geared to tackling the main institutional and regulatory obstacles to PSD</i></b>
<b>Findings at JC level</b>	<p>In MOR, I&amp;R support was demand-driven, based on the government's strategies ("Plan Emergence" and "Livre Blanc") which were based on consultation of private sector. (MN802, 817, 818, 810)</p> <p>One out of the four selected interventions was aimed, partially, at addressing some of the institutional and regulatory obstacles to PSD. However commitments made under the Association Agreement imply larger regulatory and institutional changes related to PSD. The CSPs also identify regulatory and institutional obstacles, as well as government measures to address them.</p>
<b>I-4.1.1</b>	Identification of the main obstacles to PSD in terms of macro-economic environment and institutional and regulatory framework in the country/region in official documents /studies (national strategies or other documents/studies), including both the domestic environment and obstacles to the integration in regional and world economies
<b>I-4.1.2</b>	Commission strategy and programming documents refer to the obstacles mentioned in I-4.1.1 and gear the support to the removal of these obstacles (or justify alternative approaches)
<b>I-4.1.3</b>	The private sector was consulted for determining the priorities for helping remove the main institutional and regulatory obstacles to PSD
<b>I-4.1.4</b>	Stakeholders, and in particular the private sector, consider that Commission support was geared towards priorities for helping remove the main institutional and regulatory obstacles to PSD
<b>I-4.1.5</b>	Number of technical and economic analyses/fora covering major strengths and weaknesses of the private sector in third countries conducted with Commission support or, in the case of pre-existing studies and fora, utilised by the Commission in developing PSD activities targeting regulatory and institutional frameworks.
<b>I-4.1.1</b>	<p><b>MOROCCO:</b> based on the documents consulted, no reference to national strategies or other documents/studies which identify the main obstacles to PSD, in terms of macro-economic environment and institutional and regulatory framework in Morocco are included in official documents /studies.</p> <p><b>Appui aux entreprises – Maroc</b></p> <p><b>Capmezzanine – Maroc .</b></p>

	<b>Appui aux Associations Professionnelles II – Maroc .</b>
	<b>Appui aux institutions financières de garantie aux PME – Maroc .</b>
<b>I-4.1.2</b>	<p><b>MOROCCO</b> Under the sections “analyse de la situation du pays”, and situation économique et sociale”, the CSP for 2002-2006 identifies the main obstacles to PSD in terms of macro-economic environment and institutional and regulatory framework in Morocco, notably: “<i>En ce qui concerne la modernisation de l’environnement des affaires, bien que déjà entamée, n’est pas encore satisfaisante. Certaines mesures ont été déjà prises : code des douanes, loi sur la concurrence, loi sur la propriété intellectuelle, d’autres sont en cours de préparation. Mais la mise en oeuvre de l’Accord d’Association rend urgent l’application effective de ces réformes en vue de soutenir le secteur privé face au démantèlement tarifaire en cours d’exécution. En effet, la rentabilité des entreprises et surtout des PME-PMI souffre d’un accès au financement difficile et onéreux et des modes de production en grand partie obsolètes qui expliquent le manque de compétitivité et les problèmes pour l’exportation. La modernisation du secteur privé marocain devient donc un enjeu essentiel pour le développement de la croissance du pays.</i> » (p.15).</p> <p>The CSP for 2007-2013 also mentions the following obstacles: « <i>The improvement of the investment climate in Morocco is a key priority for the future of the country and for achieving greater economic competitiveness. The private sector has to be the engine of stronger economic growth; it alone is capable of creating many jobs when the number of people arriving on the labour market is still increasing. Accordingly, the government intends to encourage private investment by simplifying the regulation, recruitment and firing of workers, the obtaining of authorisations and licences, access to credit, in particular for small and medium-sized enterprises, and facilitating business transfers. The most sensitive sectors requiring structural reforms are agriculture, fisheries, energy, and transport.</i> » (p.13).</p> <p>More specifically, Annex 4 of the CSP, on « Economic Analysis » indicates that « <i>Other major obstacles for private sector development [aside from access to finance] include the tax administration (and the issue of licenses), labour market regulations (see below), investor protection, and barriers to cross-border trading such as complicated tariff structures and the lack of efficient port services.</i>” (p.34).</p> <p>However the interviewees at HQ highlighted that regulatory and institutional changes related to PSD were also influenced by the commitments made under the Association Agreement: “<i>The Association Agreement (AA) with Morocco: regulatory convergence is the objective. So it goes beyond traditional PSD. It makes many requirements on partner countries.</i>” (MN601).</p> <p><b>Appui aux entreprises – Maroc:</b></p> <p>The financial agreement indicates that one of the programme’s three components addresses regulatory and institutional obstacles to PSD: “<i>Le Programme d’Appui aux entreprises poursuit une approche intégrée et comporte les trois volets suivants: [...] Un volet «<b>Qualité/Normalisation</b>», qui vise d’une part à fournir un appui institutionnel permettant de rapprocher les structures nationales ainsi que le cadre législatif et normatif de ceux de l’Union européenne et, d’autre part, à créer, équiper et rendre opérationnels cinq Centres Techniques dans des secteurs industriels prioritaires dans le but de faciliter la libre circulation des marchandises.</i> » (p.2). « <b>Volet «Qualité/Normalisation»</b> Permettre à l’industrie marocaine d’atteindre un niveau de qualité compatible avec l’ouverture des frontières au sein de la Zone de libre - échange Euro - Méditerranéenne (ZLE) par:</p> <ul style="list-style-type: none"> <li>- la consolidation du système national normatif, d’accréditation, de certification et d’évaluation de</li> </ul>

	<p><i>la conformité;</i></p> <p><i>- la création et l'équipement de cinq Centres Techniques spécialisés dans les secteurs Bois et Ameublement; Cuir et Tannerie; Automobile et Transport; Plasturgie, Chimie et Caoutchouc et des Nouvelles Technologies de l'Information et de la Communication. » (p.3).</i></p> <p>The evaluation of the programme indicates that the identification mission for this intervention identified the need to create 5 Industrial Technical Centres to complement the 4 existing ones, and to have them be similar to structures in the EU: <i>“Le rapport de la mission d'identification (2002) précédant le PAE ne donne que les grandes lignes du système qualité à développer et à mettre en oeuvre; il identifie notamment le besoin de créer 5 CTI pour compléter les 4 CTI existants [...] Il s'agit de se rapprocher des structures de l'UE et de créer 5 CTI, mais l'étendue des essais et la diversité des laboratoires ne sont pas précisées à ce niveau. »</i> (ADE (for the European Commission), <i>Evaluation finale ex-post du Programme d'Appui aux Entreprises – Maroc</i>, 2010, p.22).</p> <p><b>Capmezzanine – Maroc</b> Removing institutional and regulatory obstacles to PSD was not the aim of this intervention.</p> <p><b>Appui aux Associations Professionnelles II – Maroc</b> Removing institutional and regulatory obstacles to PSD was not the aim of this intervention.</p> <p><b>Appui aux institutions financières de garantie aux PME – Maroc</b> Removing institutional and regulatory obstacles to PSD was not the aim of this intervention.</p>
<b>I-4.1.3</b>	<p><b>MOROCCO</b> no evidence of consultation of the private sector so far.</p> <p><b>Appui aux entreprises – Maroc</b> no evidence of consultation of the private sector so far.</p> <p><b>Capmezzanine – Maroc</b> Removing institutional and regulatory obstacles to PSD was not the aim of this intervention..</p> <p><b>Appui aux Associations Professionnelles II – Maroc</b> Removing institutional and regulatory obstacles to PSD was not the aim of this intervention.</p> <p><b>Appui aux institutions financières de garantie aux PME – Maroc</b> Removing institutional and regulatory obstacles to PSD was not the aim of this intervention.</p>
<b>I-4.1.4</b>	<p><b>MOROCCO:</b></p> <p><b>Appui aux entreprises – Maroc</b></p> <p><b>Capmezzanine – Maroc</b> Removing institutional and regulatory obstacles to PSD was not the aim of this intervention.</p> <p><b>Appui aux Associations Professionnelles II – Maroc</b> Removing institutional and regulatory obstacles to PSD was not the aim of this intervention..</p> <p><b>Appui aux institutions financières de garantie aux PME – Maroc</b> Removing institutional and regulatory obstacles to PSD was not the aim of this intervention.</p>
<b>I-4.1.5</b>	<p><b>MOROCCO</b></p> <p><b>Appui aux entreprises – Maroc</b></p> <p><b>Capmezzanine – Maroc</b> Removing institutional and regulatory obstacles to PSD was not the aim of this intervention.</p> <p><b>Appui aux Associations Professionnelles II – Maroc</b> Removing institutional</p>

	and regulatory obstacles to PSD was not the aim of this intervention.
	<b>Appui aux institutions financières de garantie aux PME – Maroc</b> Removing institutional and regulatory obstacles to PSD was not the aim of this intervention.
<b>JC 4.2</b>	<b><i>The Commission has had strong policy dialogue on the institutional and regulatory frameworks</i></b>
<b>Findings at JC level</b>	Some evidence of policy dialogue on I&R reforms with government – maturity and strength of government gave EC less room for manoeuvre (MN802, 810, 817, 818, 809).
<b>I-4.2.1</b>	Number, level and depth of contacts with public authorities
<b>I-4.2.2</b>	Number, level and depth of contacts with other policy actors (e.g. business associations, non-state actors, IMF/WB, other donors)
<b>I-4.2.3</b>	Evidence exists of Commission leadership in or contribution to dialogue with policy actors
<b>I-4.2.4</b>	Evidence exists of Commission contribution to private-public dialogue
<b>I-4.2.1</b>	<b>MOROCCO:</b>
	<b>Appui aux entreprises – Maroc</b>
	<b>Capmezzanine – Maroc</b> Removing institutional and regulatory obstacles to PSD was not the aim of this intervention.
	<b>Appui aux Associations Professionnelles II – Maroc</b> Removing institutional and regulatory obstacles to PSD was not the aim of this intervention.
	<b>Appui aux institutions financières de garantie aux PME – Maroc</b> Removing institutional and regulatory obstacles to PSD was not the aim of this intervention.
<b>I-4.2.2</b>	<b>MOROCCO</b>
	<b>Appui aux entreprises – Maroc</b>
	<b>Capmezzanine – Maroc</b> Removing institutional and regulatory obstacles to PSD was not the aim of this intervention.
	<b>Appui aux Associations Professionnelles II – Maroc</b> Removing institutional and regulatory obstacles to PSD was not the aim of this intervention.
	<b>Appui aux institutions financières de garantie aux PME – Maroc</b> Removing institutional and regulatory obstacles to PSD was not the aim of this intervention.
<b>I-4.2.3</b>	<b>MOROCCO</b>
	<b>Appui aux entreprises – Maroc</b>
	<b>Capmezzanine – Maroc</b> Removing institutional and regulatory obstacles to PSD was not the aim of this intervention.
	<b>Appui aux Associations Professionnelles II – Maroc</b> Removing institutional and regulatory obstacles to PSD was not the aim of this intervention.
	<b>Appui aux institutions financières de garantie aux PME – Maroc</b> Removing institutional and regulatory obstacles to PSD was not the aim of this intervention.

I-4.2.4	<b>MOROCCO:</b>
	<b>Appui aux entreprises – Maroc</b>
	<b>Capmezzanine – Maroc</b> Removing institutional and regulatory obstacles to PSD was not the aim of this intervention.
	<b>Appui aux Associations Professionnelles II – Maroc</b> Although this intervention fits more under EQ6 (as its ultimate aim is to foster enterprise competitiveness, by building professional associations' up), it also strengthens Morocco's PSD institutional framework. The second monitoring report's BCS gives evidence of this programme's contribution to private-public dialogue : « <i>Le Programme sert de plateforme de dialogue entre les secteurs privé et public à travers son module 3 qui veille au renforcement et à la promotion du tissu associatif professionnel. Les pouvoirs publics et le secteur privé sont également impliqués.</i> » and « <i>Ce Comité de pilotage participe au dialogue entre les AP, les Fédérations professionnelles et le secteur public et renforce le rôle de ces acteurs non étatiques vis-à-vis du pouvoir politique.</i> ».
	<b>Appui aux institutions financières de garantie aux PME – Maroc</b> Removing institutional and regulatory obstacles to PSD was not the aim of this intervention.
<b>JC 4.3</b>	<b><i>The institutional and regulatory frameworks have been strengthened</i></b>
<b>Findings at JC level</b>	Progress in I&R reforms: (1) in MOR, evidence in above-mentioned areas; in frame of BS, some issues regarding unbalanced bargaining between ministries for resources (MN813, 807) (2) less evidence (yet?) of trickle-down effect on private sector base (MN806, 816); (3) sufficient consideration by EC of who will benefit from opening up of economy? (MN10, 818)  One out of the four selected interventions was aimed, partially, at addressing some of the institutional and regulatory obstacles to PSD. This intervention's results in terms of having strengthened institutional and regulatory frameworks have been mixed: some of the norms to be transferred were not always relevant to the needs and capacities of the Moroccan market, it was reported, and some of the institutions built up (the Technical centre for quality and accreditation) do not seem to be effective nor sustainable.
<b>I-4.3.1</b>	Reports / stakeholders show that new laws and regulations have been issued and are enforced
<b>I-4.3.2</b>	Reports / stakeholders show that required institutions have been created or developed and are operational
<b>I-4.3.3</b>	Evidence exists of Commission role in strengthening of institutional and regulatory frameworks
<b>I-4.3.4</b>	Stakeholders consider that Commission interventions have maximised local government commitment by ensuring they are in line with the government's own agenda, consulting with relevant stakeholders and proposing reforms at the local or sub-national level.
I-4.3.1	<b>MOROCCO:</b>
	<b>Appui aux entreprises – Maroc</b> <b>The second monitoring report (MR-10248.02) indicates that the component «Qualité/Normalisation» of the programme aimed at supporting the transfer of international norms suffered from delays and more importantly,</b>

	<p><b>that the norms selected were not always relevant to the needs and capacities of the Moroccan market :</b> « <i>La mise en oeuvre du volet « Qualité », qui consiste avant tout à organiser le transfert des normes internationales vers le Maroc et à achever la mise en place des 5 Centres techniques (CT), a été marquée par un important retard des procédures de passation de marchés et une absence de coordination entre les différentes composantes du volet. Par ailleurs, un transfert aléatoire de normes internationales est effectué, sans aucune étude préalable des besoins et des capacités existants du marché marocain.</i> » (p.2). « <i>De son côté, l'appareil normatif a des chances d'être viable uniquement si les normes transmises répondent aux besoins et aux priorités des entreprises dans le contexte de leurs échanges internationaux.</i> » (p.2)</p> <p><b>Capmezzanine – Maroc</b> Removing institutional and regulatory obstacles to PSD was not the aim of this intervention.</p> <p><b>Appui aux Associations Professionnelles II – Maroc</b> Removing institutional and regulatory obstacles to PSD was not the aim of this intervention.</p> <p><b>Appui aux institutions financières de garantie aux PME – Maroc</b> Removing institutional and regulatory obstacles to PSD was not the aim of this intervention.</p>
I-4.3.2	<p><b>MOROCCO</b></p> <p>In the case of the twinning, evidence of clear EC assistance I&amp;R support outputs: « <i>Le Conseil de la concurrence est le produit direct du jumelage. Avant le jumelage, un Conseil de la concurrence n'existait pas, La politique du gouvernement actuel s'est penchée sur l'état des monopoles, l'économie de rente, tissu économique, nouvelle Constitution, qui veut plus de transparence</i>» (MN804) ; « <i>La concurrence est essentielle pour le développement du Maroc ; la CE reprend ses principes et regarde ce qu'elle peut faire au MAR. A l'époque du projet de jumelage de 2007, c'était faisable car soutien actif de la part du ministère marocain.</i> » (MN804) ;</p> <p><b>Appui aux entreprises – Maroc</b> See I-4.3.3</p> <p><b>Capmezzanine – Maroc</b> Removing institutional and regulatory obstacles to PSD was not the aim of this intervention.</p> <p><b>Appui aux Associations Professionnelles II – Maroc</b> Removing institutional and regulatory obstacles to PSD was not the aim of this intervention.</p> <p><b>Appui aux institutions financières de garantie aux PME – Maroc</b> Removing institutional and regulatory obstacles to PSD was not the aim of this intervention.</p>
I-4.3.3	<p><b>MOROCCO</b></p> <p><b>Appui aux entreprises – Maroc</b></p> <p>According to the fourth monitoring report (MR-10248.04), <b>this programme has strengthened institutional and regulatory frameworks and has participated in the creation of three structures in support to SMEs</b> (« <i>Trois structures d'appui aux PME sont créées: (1) Agence nationale de la promotion de la PME (ANPME) et le réseau régional (RIMANE) intégrant les délégations régionales du MICMANE ; (2) Caisse centrale de garantie (CCG) avec un réseau de banques marocaines; (3) Direction de la promotion de la qualité et de la normalisation (DQN) préparant (a) les institutions indépendantes publiques de normalisation (IMANOR) et de certification (SNIMA) avec la transposition des normes internationales et européennes de priorité pour (b) le développement institutionnel du réseau national des 9 Centres techniques (CT) localisés dans un complexe à Casablanca. Les CT</i></p>

	<p><i>établissent un réseau de coordination des compétences technologiques impliquant les associations professionnelles (AP) et leurs membres») but some of the outputs were limited by delays in the passing of legislation : « Malheureusement, la législation pour la mise en place des institutions de normalisation et de certification est en retard depuis 5 ans, en plus la mise en vigueur des normes liées aux activités des Centres techniques (CT) est en retard pour pouvoir promouvoir les 9 CT créés et leur services pour l'accompagnement de la PME a l'ouverture du marché prévue en 2012. Ces retards risquent d'affaiblir la synergie des composantes et le résultat global. » (p.1).</i></p> <p>The evaluation of the Programme (ADE (for the European Commission), <i>Evaluation finale ex-post du Programme d'Appui aux Entreprises – Maroc</i>, 2010) indicates that :</p> <ul style="list-style-type: none"> <li>▪ 3 of the technical centres have not received accreditation and that those accreditation received in Morocco were not yet recognized at the international level: <i>“certains laboratoires n’ont pas reçu d’accréditation (CETIEV, CTPC et CETIC) et les accréditations reçues au niveau marocain ne sont pas encore reconnues au niveau international » (p.10)</i></li> <li>▪ The sustainability of the 5 Technical Centres is uncertain : <i>“les 5 Centres Techniques créés et équipés n’ont pas encore trouvé un équilibre financier qui assurerait leur pérennité, faute de clients » (p.12).</i></li> </ul> <p><b>An interviewee at HQ revealed further very poor results: out the 5 Centres Techniques (CT), 3 of were not accredited and in practice none of them have been active.</b> The reason being that <i>“they weren’t up to the level they were supposed to be to provide the services they were supposed to provide, and their proposed services do not match an actual need.” (MN601).</i></p> <p><b>Capmezzanine – Maroc</b> Removing institutional and regulatory obstacles to PSD was not the aim of this intervention.</p> <p><b>Appui aux Associations Professionnelles II – Maroc</b> Removing institutional and regulatory obstacles to PSD was not the aim of this intervention.</p> <p><b>Appui aux institutions financières de garantie aux PME – Maroc</b> Removing institutional and regulatory obstacles to PSD was not the aim of this intervention.</p>
I-4.3.4	<p><b>MOROCCO:</b></p> <p><b>Appui aux entreprises – Maroc</b></p> <p><b>Capmezzanine – Maroc</b> Removing institutional and regulatory obstacles to PSD was not the aim of this intervention.</p> <p><b>Appui aux Associations Professionnelles II – Maroc</b> Removing institutional and regulatory obstacles to PSD was not the aim of this intervention.</p> <p><b>Appui aux institutions financières de garantie aux PME – Maroc</b> Removing institutional and regulatory obstacles to PSD was not the aim of this intervention.</p>
JC 4.4	<p><b><i>The strengthening of the institutional and regulatory framework has contributed to the creation, better functioning and growth of enterprises</i></b></p>
Findings at JC level	<p>No information on the trickle-down effect from a strengthened institutional and regulatory framework on enterprises and entrepreneurship.</p>



I-4.4.1	Evidence that enterprises have benefited from an improved framework and environment
I-4.4.1	<b>MOROCCO:</b>
	<b>Appui aux entreprises – Maroc</b>
	<b>Capmezzanine – Maroc</b> Removing institutional and regulatory obstacles to PSD was not the aim of this intervention.
	<b>Appui aux Associations Professionnelles II – Maroc</b> Removing institutional and regulatory obstacles to PSD was not the aim of this intervention.
<b>Appui aux institutions financières de garantie aux PME – Maroc</b> Removing institutional and regulatory obstacles to PSD was not the aim of this intervention.	

<b>EQ 5</b>	<b>To what extent did the Commission contribute to improve access to finance by enterprises?</b>
<b>JC 5.1</b>	<b><i>The Commission's support was informed by an analysis of the country/region's main constraints in terms of access to finance for enterprises (whether they were primarily on the demand or on the supply side or both)</i></b>
<b>Findings at JC level</b>	<p>On EC approach to addressing constraints to access to finance (MN810, 818): (1) access to finance identified as main constraint to SME upgrading, (2) focus on support to financial intermediaries (supply side), (3) targeting of key needs, identified as priorities – guarantees (PAIGAM), (4) support to public IOs, chosen as most appropriate to overcome market failures (risk aversion of banks).</p> <p>The CSPs include some analysis of Morocco's main constraints in terms of access to finance, both on the demand and supply sides. An interviewee mentioned a 2010 WB survey but no other studies have been referenced so far. Two of the four selected interventions addressed access to finance, both on the supply level. Based on the information gathered so far, the analysis upon which both interventions were based was rather mainly included in the programming documents. There is some evidence that the Commission has an understanding of the need to have an "integrated approach" to tackling the issue of the lack of "access to finance". In the case of the "Capmezzanine" intervention, a feasibility study conducted by the EIB was done.</p>
<b>I-5.1.1</b>	Existence of documented analysis of the countries'/regions main constraints in terms of access to finance (demand and supply side)
<b>I-5.1.2</b>	In its strategy/programming documents the Commission refers to these analyses
<b>I-5.1.3</b>	Stakeholders, in particular from the private sector, consider that the constraints identified are the right ones
<b>I-5.1.4</b>	The Commission support was geared towards tackling the constraints identified in these analyses
<b>I-5.1.5</b>	Number of Commission interventions in the area of access to finance that have been conducted in cooperation with other financial institutions
<b>I-5.1.1</b>	<p><b>MOROCCO:</b></p> <p>In the absence of documented analyses of Morocco's main constraints in terms of access to finance, the CSP 2002-2007 mentions in limited detail a number of constraints: <i>«la rentabilité des entreprises et surtout des PME-PMI souffre d'un accès au financement difficile. La Commission finance un Programme d'ajustement du secteur financier au Maroc (€52m) engagé en 2000, ainsi qu'un Fonds de Garantie (€30m) financé avec MEDA I»</i> (p.15).</p> <p>The CSP for 2007-2013 mentions, similarly, that <i>«Improving credit access for small and medium-sized enterprises, which represent the core of the Moroccan private sector, should be made a priority. The main structural constraints to credit access include problems related to property rights, contract enforcement, information systems in enterprises and the lack of financial management skills in the enterprise sector.»</i> (p.34).</p>

	<p>One interviewee mentioned that the issue of lack of access to finance in MENA (“we know that only 20% of SMEs accede to loans (according to a 2010 WB survey<sup>2</sup>)”) was a multiple one and needed an integrated solution. Unlike other donors which sought to provide direct credit lines, an analysis of the situation, constraints, needs and opportunities, based on consultations with national authorities, business organizations and other donors, has indicated that access to finance is constrained by the overall business environment and that the following issues needed to be tackled “the capacity of businesses to provide bankable projects and the capacity of banks to analyse a business plan and agree to giving out a loan, availability of adapted financial products. But also regulations, legislation, enforcement bodies etc. This requires an integrated approach to support to access to finance.” (MN601).</p>
	<p><b>Appui aux entreprises – Maroc</b> Access to finance is not the focus of this intervention although the FOMAN « hard » component can fund infrastructure demand and sought to give enterprises “accès aux crédits concessionnels du FOMAN pour financer les <i>investissements matériels</i> nécessaires pour leur processus de mise à niveau » (source : Financial Agreement) (“Un volet «Fonds national de mise à niveau» (FOMAN) comprenant une contribution financière pour appuyer le démarrage de ce Fonds national. Le FOMAN, un fonds marocain, vise à faciliter l'accès des PME au conseil de mise à niveau par la consultance locale et <b>au financement à moyen et long terme pour des équipements.</b> » (source : Financial Agreement, p.3)</p>
	<p><b>Capmezzanine – Maroc</b></p> <p>Constraints in terms of access to finance are mentioned in EIB documents themselves. In the 2007 EIB <i>Proposition du Comité de Direction au Conseil d'Administration sur la prise de participation dans une société d'investissement – Opération sur capitaux à risques</i>, it mentions Moroccan bank's aversion to risk-taking and limits in the supply of financial instruments : « les banques commerciales marocaines n'offrent que des financements classiques, sous forme de prêts seniors amortissables. Rares sont les banques qui sont désireuses de sortir de ce schéma traditionnel et de proposer des instruments dont la rémunération – et le risque – s'assimilent davantage à ceux des investisseurs en capital (les seules « opérations de haut de bilan » ayant eu lieu jusqu'à présent sont des opérations de portage dans lesquelles les banques ne prennent pas de risque véritable sur l'entreprise financée) ». (source : BEI, <i>Proposition du Comité de Direction au Conseil d'Administration sur la prise de participation dans une société d'investissement – Opération sur capitaux à risques</i>, 12 juin 2007). The EIB also conducted a feasibility study in 2004 (funded under the FEMIP Support Fund). It confirmed the need for mezzanine funding in Morocco. It estimated that “operations de capital-transmission” (in French) would grow in the coming years and that the supply of mezzanine funding would be appreciated. It also established that conditions for the development of mezzanine funding in the coming years existed. (source : BEI, <i>Proposition du Comité de Direction au Conseil d'Administration sur la prise de participation dans une société d'investissement – Opération sur capitaux à risques</i>, 12 juin 2007).</p>
	<p><b>Appui aux Associations Professionnelles II - Maroc</b> Access to finance is not the focus of this intervention.</p>
	<p><b>Appui aux institutions financières de garantie aux PME – Maroc</b></p>

<sup>2</sup> Roberto Rocha, Subika Farazi, Rania Khouri and Douglas Pearce, [The status of bank lending to SMEs in the Middle East and north Africa region: the results of a joint survey of the Union of Arab banks and the World Bank](#), June 2010:

	<p>The contract only mentions that the Commission had identified important funding needs for the « <i>mise à niveau</i> » of SMEs, in the context of introduction of the free trade zone and that this spurred the Commission's choice to support two Moroccan guarantee organisations : « <i>la Commission a fait le constat que les besoins de financement du système productif marocain seront considérables dans les prochaines années pour la mise à niveau des PME, notamment dans le contexte de l'introduction progressive d'une zone de libre-échange; à cet effet, afin de favoriser le financement des PME par les banques marocaines, la Commission a décidé de créer un schéma de garantie à travers un fonds (ci-après dénommé "Le Fonds"), capitalisé à hauteur de 25,5 millions d'euros, qui interviendra au profit de deux organismes marocains, la Caisse Centrale de Garantie et le Fonds Dar Ad-Damane</i> » (source : <i>Convention pour le fonds de garantie communautaire aux PME marocaines entre la Commission des communautés européennes et la banque européenne d'investissement, 2000, p.2</i>).</p>
I-5.1.2	<p><b>MOROCCO</b> In the absence of documented analyses of Morocco's main constraints in terms of access to finance, the CSPs mention in limited detail a number of constraints.</p> <p><b>Appui aux entreprises – Maroc</b> Access to finance is not the focus of this intervention although “FOMAN hard” qualifies.</p> <p><b>Capmezzanine – Maroc</b> No other analysis has been identified other than that included in the programming documents.</p> <p><b>Appui aux Associations Professionnelles II – Maroc</b> Access to finance is not the focus of this intervention although “FOMAN hard” qualifies. No other analysis has been identified other than that included in the programming documents.</p> <p><b>Appui aux institutions financières de garantie aux PME – Maroc</b> No other analysis has been identified other than that included in the programming documents.</p>
I-5.1.3	<p><b>MOROCCO</b></p> <p><b>Appui aux entreprises – Maroc</b> Access to finance is not the focus of this intervention although “FOMAN hard” qualifies.</p> <p><b>Capmezzanine – Maroc</b></p> <p><b>Appui aux Associations Professionnelles II – Maroc</b> Access to finance is not the focus of this intervention.</p> <p><b>Appui aux institutions financières de garantie aux PME – Maroc</b></p> <p>The evaluation report indicates that a factor of inefficiency of the programme was the <b>lack of a global vision on the access to funding problems</b>: “<i>Un manque de vision globale des problèmes liés à l'accès au financement pour aider les entreprises ciblées à faire face à un environnement des affaires qui n'était pas favorable</i> » (source : ACE Consultants (for the European Commission), <i>Mission d'évaluation finale du programme d'appui aux institutions de garantie marocaines. Pays bénéficiaire : Maroc, 2010, p.5</i>).</p>
I-5.1.4	<p><b>MOROCCO:</b></p> <p><b>Appui aux entreprises – Maroc:</b> The financial agreement indicates that one of the programme's three components is support to the creation of a National 'Upgrade' Fund in favour of the preparation of SMEs to the free-trade zone, which will fund consulting services as well as access to finance for SMEs' equipment needs: “<i>Un volet «Fonds national de mise à niveau» (FOMAN)</i>”</p>

	<p><i>comprenant une contribution financière pour appuyer le démarrage de ce Fonds national. Le FOMAN, un fonds marocain, vise à faciliter l'accès des PME au conseil de mise à niveau par la consultance locale et au financement à moyen et long terme pour des équipements.</i> « (p.3).</p> <p>See also information from MN601 under I-5.1.1.</p> <p>The following interviewee gave reasons for the PAIGAM's limitations: "<b>Le produit (FOMAN) est intéressant, encore plus si couplage avec garantie soue le PAIGAM pourquoi si peu de dossiers ? 1 limitation c'est les critères d'éligibilité (70 m dirhams de bilan) et le plafond du financement (?) et la culture de l'entreprise au Maroc : c'est que la mise à niveau est un luxe, il fallait travailler ça dans les entreprises</b> ». (MN803)</p> <p><b>Capmezzanine – Maroc</b></p> <p>The EIB conducted a feasibility study in 2004 (funded under the FEMIP Support Fund). It confirmed the need for mezzanine funding in Morocco. It estimated that "operations de capital-transmission" (in French) would grow in the coming years and that the supply of mezzanine funding would be appreciated. It also established that conditions for the development of mezzanine funding in the coming years existed. (source : BEI, <i>Proposition du Comité de Direction au Conseil d'Administration sur la prise de participation dans une société d'investissement – Opération sur capitaux à risques</i>, 12 juin 2007).</p> <p>The same document indicates that « mezzanine debt » is an appropriate financial option in situations where access to classical banking funding was limited (due to shortages in assets, an over-prudent assessment of the company's future profitability, or an already high level of banking debt) and others: "<i>et quand la dilution entraînée par une prise de participation dans le capital n'est pas une solution de financement satisfaisante. Du point de vue des investisseurs en fonds propres, le financement mezzanine permet alors d'améliorer le rendement des capitaux employés en accroissant le levier financier et/ou en réduisant le niveau des fonds propres nécessaires dans l'opération envisagée</i> ».</p> <p><b>Appui aux Associations Professionnelles II – Maroc</b></p> <p>No "Access to finance" component in this intervention.</p> <p><b>Appui aux institutions financières de garantie aux PME – Maroc</b></p> <p>The stated objectives of the intervention were: « <i>de renforcer la compétitivité des entreprises privées au Maroc en facilitant leur accès au crédit d'investissement. L'accent mis par le projet sur les PME favorisera l'emploi. Les objectifs spécifiques du projet sont (1) de développer la capacité financière et technique des institutions de garantie de crédit, ainsi que des banques requerant des garanties ; (2) d'accroître les crédits aux entreprises viables par l'octroi de garanties sur ces crédits.</i> » (source : <i>Convention de financement</i>). It aimed to give out €40m worth of guarantees per year and bring capital to €900-worth of new investments.</p> <p>On the design stage (analysis and identification of needs and objectives, design defaults): "<i>Il y a eu une Analyse des besoins : mobiliser des experts – évaluation de l'économie en préparation au projet – en 1998 et en 2000. Démarrage en 2002 pour clôture en 2008, L'intention était de faire de l'appui à la création d'entreprises couplé à de la garantie ; car la création d'entreprises est le segment le plus risqué : les banques ne vont pas là-dessus, trop risqué. Ça a été refusé par la CE mais finalement la création d'entreprise a été intégrée dans le PAIGAM suite aux avenants successifs. Mais défauts dans le design du projet : le paramétrage était trop verrouillé, alors que la prise de risque était l'objectif ; mais le projet a été dynamique, car 5 avenants. Finalement la création d'entreprises a été intégrée mais avec des critères restrictifs – on</i></p>
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	<i>a appris que dans la garantie il faut faire simple » (MN803).</i>
<b>I-5.1.5</b>	<b>MOROCCO</b>
	<b>Appui aux entreprises – Maroc</b> Access to finance is not the focus of this intervention although “FOMAN hard” qualifies.
	<b>Capmezzanine – Maroc</b> This intervention was made up of a financial participation by the EIB (17.14%) to a new Fund providing “capmezzanine funding” and a TA to the company managing it. Two other institutions have also participated financially to the Fund Caisse des Dépôts et de Gestion marocaine (28.57%) and SCR (14.28%)
	<b>Appui aux Associations Professionnelles II – Maroc</b> Access to finance is not the focus of this intervention.
	<b>Appui aux institutions financières de garantie aux PME – Maroc</b> This intervention was managed by a PMU but the funds constituting the initial capital of the project were given to the EIB who was in charge of their management. Additionally the two direct beneficiaries are two Moroccan financial institutions: la Caisse Centrale de Garantie and le Fonds Oar Ad-Oamane.
<b>JC 5.2</b>	<b><i>At the macro-level, the Commission has addressed the constraints in the business environment for larger enterprises and MSMEs to develop</i></b>
<b>Findings at JC level</b>	Support to the creation of formal enterprises (through accessible procedures of registration) and support to the regulatory environment of financial intermediaries to facilitate their lending to, and/or investment in, MSMEs were not key elements of the Commission’s strategy in Morocco over the period evaluated nor of the interventions selected.
<b>I-5.2.1</b>	Steps were taken to facilitate the creation of formal enterprises, through accessible procedures of registration
<b>I-5.2.2</b>	The Commission has supported the regulatory environment of financial intermediaries to facilitate their lending to, and/or investment in, MSMEs
<b>I-5.2.1</b>	<b>MOROCCO.</b> The CSP 2002-2007 identifies cumbersome registration procedures as a <b>constraint to foreign investment</b> : “ <i>Des solutions aux contraintes importantes pour l’accroissement des investissements, tant étrangers comme nationaux sont aussi indispensables car: - les procédures administratives sont particulièrement lourdes en matière de création de nouvelles entreprises [...] » (p.16)</i> but that is all. This wasn’t the focus of the cooperation.
	<b>Appui aux entreprises – Maroc</b> the creation of formal enterprises, through accessible procedures of registration was not a component of this intervention.
	<b>Capmezzanine – Maroc</b> The facilitation of enterprise creation was not an objective of this intervention.
	<b>Appui aux Associations Professionnelles II – Maroc</b> the creation of formal enterprises, through accessible procedures of registration was not a component of this intervention.
	<b>Appui aux institutions financières de garantie aux PME – Maroc</b> the creation of formal enterprises, through accessible procedures of registration was not a component of this intervention.

I-5.2.2	<p><b>MOROCCO</b> support to the regulatory environment of financial intermediaries to facilitate their lending to, and/or investment in, MSMEs wasn't the focus of the cooperation.</p> <p><b>Appui aux entreprises – Maroc</b></p> <p>According to the fourth monitoring report (MR-10248.04), <b>this programme has supported the creation of three structures in support to SMEs including one in support to the provision of financial guarantees</b> : « <i>Trois structures d'appui aux PME sont créées: (1) Agence nationale de la promotion de la PME (ANPME) et le réseau régional (RIMANE) intégrant les délégations régionales du MICMANE ; (2) Caisse centrale de garantie (CCG) avec un réseau de banques marocaines; (3) Direction de la promotion de la qualité et de la normalisation (DQN) préparant (a) les institutions indépendantes publiques de normalisation (IMANOR) et de certification (SNIMA) avec la transposition des normes internationales et européennes de priorité pour (b) le développement institutionnel du réseau national des 9 Centres techniques (CT) localisés dans un complexe à Casablanca. Les CT établissent un réseau de coordination des compétences technologiques impliquant les associations professionnelles (AP) et leurs membres</i> » (p.1).</p> <p><b>The FOMAN component, which has supported the creation and running of the FOMAN, also had a role in facilitating SMEs' access to finance:</b> it had a dual role: providing consulting services to SMEs and providing direct funding to SMEs for equipment purchases. <b>On the latter, the third monitoring report is negative in its appreciation of the FOMAN, indicating that demand from SMEs had been limited and that procedures to gain access to the fund were lengthy:</b> “<i>L'utilisation du FOMAN Hard reste toutefois marginale : déblocage financier de 14 projets pour un total de 1.544.087 €. Cependant, depuis avril 2006, une vaste campagne de promotion du FOMAN a été lancée par l'expert international détaché en partenariat avec la CCG : à ce jour, 28 banques sur 4 régions ont été contactées et 110 banquiers ont assisté à des séances d'information</i> » and « “[la promotion active des produits] du FOMAN Hard, dont la compétitivité reste incertaine, en raison notamment des trop <b>longues procédures de déblocage des fonds</b>” (p.2). « Enfin, la viabilité du FOMAN Hard dépendra du soutien accru des autorités aux efforts mis en oeuvre cette année, par exemple en <b>assouplissant les procédures de déblocage des fonds.</b> » (p.2).</p> <p>Low demand for FOMAN funds can be explained by the following reasons, provided in the second monitoring report (MR-10248.02), <b>notably the over-liquidity of the Moroccan banking sector at the time as well as the presence of other international funds and the lack of relevance of the proposed financial instruments:</b> « <i>L'utilisation du FOMAN « hard », après plus d'un an de fonctionnement, reste toujours marginale. La gestion autonome du volet par la CCG, entièrement découpée de l'ensemble du projet, et mise en place dans un contexte de sur-liquidité des banques marocaines et d'existence de plusieurs fonds internationaux de financement (lignes française, italienne, PADAIG, FORTEX), contribue à sa faible performance. Afin de combler le retard encouru lors du démarrage du programme, il a été décidé une prolongation de sa période opérationnelle, ainsi que du contrat d'AT de l'UGP, du 30/06/ au 31/12/08.</i> » (p.2). « <i>Le FOMAN « hard », enfin, ne pourrait devenir viable que dans une perspective de synergie, notamment avec le volet « modernisation », et d'une réflexion sur une meilleure adaptation des instruments financiers proposés au système bancaire</i> » (p.2).</p>
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	<p>The evaluation of the programme found that <b>despite the co-funding from FOMAN and the financial guarantee provided by the Caisse centrale de garantie (CCG), bank's requirements in terms of guarantees had not diminished</b> : « <i>les exigences des banques en matière de garanties personnelles ou immobilières supplémentaires n'avaient pas réellement diminuées. En d'autres termes, l'appréciation « conservatoire » du risque PME dans les banques n'a pas été sensiblement modifiée durant le PAE. [...]Le PAE/FOMAN a été accompagné par 7 banques (par ordre décroissant de versement des fonds : AWB (Attijarivabank), BCP (Banques Populaires), BMCI, SGMB, CDM, BMCE, CAM) avec lesquelles des conventions (CCG) ont été passées et qui se sont réellement impliquées seulement à partir de 2006.</i> » The evaluation indicates however that <b>once more resources were poured into promoting the FOMAN towards banks, they became more receptive.</b></p> <p>It also found that the programme contributed to an <b>increased awareness amongst banks of the importance of providing funding to industrial SMEs</b> : « <i>Les banques, compte tenu de leurs engagements récents sur les nouveaux programmes marocains, à l'instigation du Ministère du Commerce et de l'Industrie, semblent avoir intégré l'importance du financement des PME industrielles, même si leur appréciation de ces « risques » semble rester encore trop « conservatoire ». Ce changement d'attitude, envisagé dès le début du programme (POG), déjà partiellement positif, pourrait sans doute être encouragé.</i> » (ADE (for the European Commission), <i>Evaluation finale ex-post du Programme d'Appui aux Entreprises – Maroc</i>, 2010, p.35).</p> <p><b>Capmezzanine – Maroc</b> Acting on the regulatory environment of the financial sector was not an objective of this intervention.</p> <p><b>Appui aux Associations Professionnelles II – Maroc</b> support to the regulatory environment of financial intermediaries to facilitate their lending to, and/or investment in, MSMEs wasn't the focus of this intervention.</p> <p><b>Appui aux institutions financières de garantie aux PME – Maroc</b> support to the regulatory environment of financial intermediaries to facilitate their lending to, and/or investment in, MSMEs wasn't the focus of this intervention.</p> <p>An interviewee reported that the absence of Moroccan banks' strategy towards SMEs was detrimental: « <i>Une des contraintes à notre activité c'est l'absence d'une grande stratégie PME-TPE dans le secteur bancaire.</i> » (MN803).</p>
<b>JC 5.3</b>	<b><i>Support targeted enterprises that were facing difficulties in obtaining financial products and services</i></b>
<b>Findings at JC level</b>	<p>Little targeting of those enterprises with most difficult access to finance – rather, different approach: support to champions (in government strategy), to export-oriented, development-potential SMEs. (MN802, 817, 814816, 806).</p> <p>Two of the four selected interventions supported the supply of finance to Moroccan companies. Access to finance was not however a cornerstone of the Commission's strategy in Morocco.</p> <p>However based on the evidence collected so far, it is not clear at this stage whether the companies targeted who were to benefit from the two interventions in the area of “supply of finance” were those facing difficulties in obtaining loan and investment funding in particular or whether the interventions supported “supply of finance” in general.</p>
<b>I-5.3.1</b>	The Commission had a specific approach to identify those enterprises that were



	facing difficulties in obtaining loan and investment funding
I-5.3.2	The Commission identified the specific constraints these enterprises were facing
I-5.3.3	The Commission support was geared to these enterprises and aimed at tackling their specific constraints, including specifically for MSMEs (core constraints of lack of capitalisation and lack of collateral)
I-5.3.1	<p><b>MOROCCO:</b> There has been no evidence so far of a specific Commission approach to identifying Moroccan enterprises that were facing difficulties in obtaining loan and investment funding.</p> <p><b>Appui aux entreprises – Maroc</b></p> <p>The FOMAN Hard component of the intervention did aim to facilitate access to finance to enterprises for equipment purchases. This was a sub-component and not the focus of the intervention however. It also sought to work towards changing banks' attitudes towards SME funding, notably by bringing its co-financing, thus reducing financial guarantee requirements, as an incentive to banks. <b>However within this intervention, there has been no evidence so far of a specific Commission approach to identifying Moroccan enterprises that were facing difficulties in obtaining loan and investment funding. On the contrary, the programme evaluation found that eligibility criteria were ill-adapted to enterprises</b> and what's more, that banks remained largely cautious: <i>« Le volet 3 - FOMAN hard (cofinancements et garanties) a pris pratiquement deux ans de retard au démarrage du fait de critères d'éligibilité peu adaptés aux PME et d'une forte réticence de la part des banques ; il n'est devenu réellement efficace qu'après le recadrage, à partir de la mi-2006, et une collaboration plus active des banques ».</i> (ADE (for the European Commission), <i>Evaluation finale ex-post du Programme d'Appui aux Entreprises – Maroc</i>, p.12, 2010).</p> <p><b>Capmezzanine – Maroc</b></p> <p>The support to the set-up and launch of a capmezzanine fund (through a TA to the company managing the Fund and through a financial participation to the Fund was <b>intended to introduce or develop a new financial instrument – mezzanine – in Morocco.</b></p> <p>There has been no evidence so far, in this intervention, of a specific Commission approach to identifying Moroccan enterprises that were facing difficulties in obtaining loan and investment funding. Rather the identification documents mention in which cases, mezzanine funding would be useful to enterprises: <b>As presented in EIB documents, this instrument was appropriate where access to classical banking funding was limited</b> (<i>« soit en raison d'un manque d'actifs, d'une appréciation trop prudente de la rentabilité future de l'entreprise ou d'un niveau de dette bancaire déjà élevé »</i>) <b>or when other funding/investment possibilities were not an option</b> (<i>« et quand la dilution entraînée par une prise de participation dans le capital n'est pas une solution de financement satisfaisante »</i>). The EIB document also <b>highlighted other benefits of the instrument for the beneficiary company</b> <i>« Du point de vue de l'entreprise bénéficiaire, les financements mezzanines présentent également un certain nombre d'avantages importants (subordination par rapport à la dette senior, déductibilité fiscale des intérêts, remboursement du capital in fine, rémunération partiellement liée au succès de l'entreprise, absence de dilution).»</i> <b>as well as the different uses that can be made of this instrument:</b> <i>« Les cas traditionnels d'utilisation des financements mezzanines seront les opérations d'acquisition avec effet de levier (LBO). La dette mezzanine pourra également être utilisée pour financer des acquisitions ou le développement de nouveaux produits, marchés ou</i></p>

	<p><i>implantations, et dans certains cas servir de financement relais précédant une introduction en bourse. La dette mezzaninienne pourra enfin servir à faciliter une réorganisation de l'actionnariat, renforcer le capital à long terme de l'entreprise ou encore rembourser par anticipation les actionnaires permettant ainsi d'offrir aux investisseurs une réalisation partielle de leur investissement et/ou une augmentation de l'effet de levier</i>». (source : BEI, Proposition du Comité de Direction au Conseil d'Administration sur la prise de participation dans une société d'investissement – Opération sur capitaux à risques, 12 juin 2007).</p> <p><b>See also I-5.3.3.</b></p> <p><b>Appui aux Associations Professionnelles II – Maroc</b> Support to access to finance was not the focus of this intervention.</p> <p><b>Appui aux institutions financières de garantie aux PME – Maroc</b> No evidence so far of a specific Commission approach to identifying Moroccan enterprises that were facing difficulties in obtaining loan and investment funding. Rather the programming documents identify eligibility and exclusion criteria, notbaly based on their sector of activity: “<i>Secteurs d'activité éligibles: P .M.E. marocaines du secteur privé productif, de préférence dans le secteur industriel, y compris l'agro-industrie, et (également) dans le secteur des services. Secteurs exclus : pêche, agriculture (exploitations agricoles), armement.</i>» Additionally new enterprises were not to be eligible (« <i>Les entreprises en création ne sont pas éligibles.</i>»). Companies also had to be solvent (« <i>Les entreprises éligibles doivent être a priori solvables</i>»).</p> <p>SMEs were the target group (« <i>Les entreprises éligibles sont celles considérées habituellement comme des .Petites et Moyennes Entreprises" (P .M.E.) selon les usances pratiquées par les banques et les institutions de garantie marocaines. En tout état de cause, leur bilan ne saurait ~tre supérieur a 50 millions DH avant investissement</i> »). (source : Financial Agreement, p.7).</p>
I-5.3.2	<p><b>MOROCCO</b> There is little information in the CSPs on companies' constraints in obtaining access to finance.</p> <p><b>Appui aux entreprises – Maroc</b> Support to access to finance was not the focus of this intervention. There is no information in the section on “FOMAN Hard” in the programming documents on companies' constraints in obtaining access to finance.</p> <p><b>Capmezzanine – Maroc</b> There is no information in the programming documents on companies' constraints in obtaining access to finance. Rather they present the need to provide Mezzanine funding in Morocco: the Fund was intended to respond to the increasing demand for equity and quasi-equity financing in Morocco. It was to target companies and operations in need of mezzanine financing (e.g. leverage buy outs) by investing in hybrid products such as convertible bonds (Source: <i>Fiche from the 2010 FEMIP Risk capital Activities Annual Report</i>).</p> <p><b>Appui aux Associations Professionnelles II – Maroc</b> Support to access to finance was not the focus of this intervention.</p> <p><b>Appui aux institutions financières de garantie aux PME – Maroc</b> There is no information in the programming documents on companies' constraints in obtaining access to finance. The Project Fiche only mentions that it is necessary fir SMEs to gain a better access to credit in order to finance the investment in the necessary technology for companies to be able to compete in the free trade zone.</p>
I-5.3.3	<p><b>MOROCCO</b> Access to finance was not a key component of the Commission's cooperation strategy with Morocco.</p>

	<p><b>Appui aux entreprises – Maroc</b></p> <p>The FOMAN Hard component of the intervention did aim to facilitate access to finance to enterprises for equipment purchases. This was a sub-component and not the focus of the intervention however. It also sought to work towards changing banks' attitudes towards SME funding, notably by bringing its co-financing, thus reducing financial guarantee requirements, as an incentive to banks.</p> <p>However <b>it is not clear at this stage whether the target companies were those facing difficulties in obtaining loan and investment funding in particular or whether this was to facilitate access to funding in general.</b></p> <hr/> <p><b>Capmezzanine – Maroc</b> In the case of this intervention, the EIB documents indicate that the <b>Capmezzanine fund (an innovative financial instrument) would support business sectors identified as drivers of the Moroccan economic growth in the coming years, with the exception of the real-estate sector, agriculture, raw materials and defence.</b> Documents also indicate that <b>the Fund would only invest in companies whose corporate headquarters were in Morocco</b> (source : BEI, <i>Proposition du Comité de Direction au Conseil d'Administration sur la prise de participation dans une société d'investissement – Opération sur capitaux à risques</i>, 12 juin 2007, Annex 1, p. 4).</p> <p>Aside from this general orientation, the same document mentions <b>financial viability criteria for the choice of enterprises for investment support. Crucially the document doesn't mention any social criteria, such as, per the indicator, enterprises facing constraints in terms lack of capitalisation and lack of collateral, although per definition, capmezzanine funds seems to suit such enterprises in particular</b> (see I-5.3.1) : <i>“Les opportunités d'investissement répondant aux critères d'investissement feront l'objet d'une analyse incluant des diagnostics économiques, stratégiques, juridiques et financiers. Lors de cette phase, l'équipe de gestion pourra avoir recours à certains experts indépendants disposant d'une connaissance du secteur dans lequel opère l'entreprise cible. Lorsque l'analyse effectuée par l'équipe de gestion se révélera concluante et que les objectifs en termes de rentabilité ainsi que les possibilités de sortie seront conformes à la politique d'investissement du Fonds, l'équipe de gestion soumettra une proposition d'investissement au Comité d'investissement.”</i> (source : BEI, <i>Proposition du Comité de Direction au Conseil d'Administration sur la prise de participation dans une société d'investissement – Opération sur capitaux à risques</i>, 12 juin 2007, Annex 1, p. 6). <b>Therefore it is not clear at this stage whether the target companies were those facing difficulties in obtaining loan and investment funding in particular or whether this was to develop a new financial instrument on the market</b> (the Fund was intended to respond to the increasing demand for equity and quasi-equity financing in Morocco. It was to target companies and operations in need of mezzanine financing (e.g. leverage buy outs) by investing in hybrid products such as convertible bonds (Source: <i>Fiche from the 2010 FEMIP Risk capital Activities Annual Report</i>))</p> <hr/> <p><b>Appui aux Associations Professionnelles II – Maroc</b> Support to access to finance was not the focus of this intervention.</p> <hr/> <p><b>Appui aux institutions financières de garantie aux PME – Maroc</b></p> <p>The programming documents identify eligibility and exclusion criteria, notably based on their sector of activity: <i>“Secteurs d'activité éligibles: P.M.E. marocaines du secteur privé productif, de préférence dans le secteur industriel, y compris l'agro-industrie, et (également) dans le secteur des services. Secteurs exclus : pêche, agriculture (exploitations agricoles), armement.”</i> Additionally new enterprises were not to be eligible (<i>« Les</i></p>
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	<p><i>entreprises en creation ne sont pas eligibles.</i> »). Companies also had to be solvent (« <i>Les entreprises eligibles doivent etre a priori solvables</i> »).</p> <p>SMEs were the target group (« <i>Les entreprises eligibles sont celles considerees habituellement comme des .Petites et Moyennes Entreprises" (P .M.E.) selon les usances pratiquées par les banques et les institutions de garantie marocaines. En tout etat de cause, leur bilan ne saurait ~tre superieur a 50 millions DH avant investissement</i> »). (source : <i>Financial Agreement</i>, p.7).</p> <p><b>Therefore it is not clear at this stage whether the target companies were those facing difficulties in obtaining loan and investment funding in particular or whether this was to facilitate access to funding in general.</b></p>
<b>JC 5.4</b>	<b><i>At the meso-level, the Commission has supported the intermediary organisations supporting enterprises (large and MSMEs)</i></b>
<b>Findings at JC level</b>	<p>Evidence of positive effects on IOs: (1) CCG new way to assess risks, yet some evidence of insufficient preliminary analysis of context, esp. cautiousness of banks; (MN803, 810, 812) (2) Usefulness of FEMIP support on supply-side: mobilising effect, transfer of best international practices/requirements/training (through TA), effect on development of local financial markets. (MN811, 815).</p> <p>Support to intermediary organisations' actions in view of facilitating enterprises' access to finance was not the focus of the cooperation strategy. Two interventions out of the four selected supported Moroccan intermediary financial organisations, in their provision of finance to enterprises. However results were mixed.</p>
<b>I-5.4.1</b>	Stakeholders consider that the Commission has selected those private sector representative organisations that have a real impact
<b>I-5.4.2</b>	Intermediary Organisations supported by the Commission have, during the period of support, implemented activities designed to increase capacity of private sector enterprises to obtain funding from bank or non-banking institutions
<b>I-5.4.1</b>	<p><b>MOROCCO: ” <i>Est-ce que les organismes publics sont l'intermédiaire le plus pertinent pour appuyer le secteur privé? oui car soutien public, neutre. Pallier aux distorsions du marché qui est la frilosité des banques commerciales.</i> « (MN803)</b></p> <p><b>Appui aux entreprises – Maroc.</b></p> <p><b>Capmezzanine – Maroc</b></p> <p>In the case of this intervention, the Commission, via the EIB-managed “Support to FEMIP” instrument invested capital in a Fund intended to provide investment in capital and in “mezzanine” in Morocco. It also funded the accompanying TA. This Fund was created by the Caisse des Dépôts et de Gestion marocaine and managed by the Moroccan company “Accès Capital Atlantique”. The TA was to support the staff of the Moroccan company “Accès Capital Atlantique” in understanding the “mezzanine”, a relatively new financial instrument in Morocco.</p> <p>Both the Caisse des Dépôts et de Gestion (CDG) marocaine and the Moroccan company “Accès Capital Atlantique” managing the Fund can be considered as intermediary organisations.</p> <p>BEI documents indicate that the CDG is a first-rate Moroccan public institution: “<i>La CDG est une institution financière créée en 1959 par l'État marocain sous forme d'établissement public. La CDG a pour mission originelle de recevoir, conserver et gérer les ressources d'épargne qui, de par leur nature ou leur origine, requièrent une protection spéciale (fonds institutionnels et épargne issue de la retraite et de la prévoyance). La CDG centralise</i></p>

	<p><i>l'équivalent de 35% de l'épargne institutionnelle marocaine et totalise près de 100 milliards de MAD (9 milliards d'EUR) en actifs sous gestion. Employant plus de 5.000 personnes, la CDG se positionne de ce fait comme le principal investisseur institutionnel marocain.</i>” (source : BEI, <i>Proposition du Comité de Direction au Conseil d'Administration sur la prise de participation dans une société d'investissement – Opération sur capitaux à risques</i>, 12 juin 2007).</p> <p>This begs the question however of the extent to which CDG needed participation from the EIB Risk Capital Operations or whether it could have fund sources of investment on the market. Indeed an interviewee (MN603) indicated that operations supported needed to have a development impact and couldn't have been supported by regular market mechanisms: <i>“Il faut que les propositions de financement soumises par la BEI aient un impact en terme de développement du secteur privé, que les opérations soutenues aient un effet de levier, et non pas soutenir une entreprise qui pourraient recevoir des financements privés par ailleurs ».</i></p> <p><b>Appui aux Associations Professionnelles II – Maroc</b></p> <p><b>Appui aux institutions financières de garantie aux PME – Maroc</b></p> <p>In the case of this intervention, the IOs supported were not private sector representative organisations but two Moroccan organisations which give out guarantees on credit provided by Moroccan banks to enterprises: <i>“l'octroi et la gestion des garanties, y compris le processus de suivi, se feront à travers les deux organismes bénéficiaires sélectionnés : Caisse Centrale de Garantie et Dar Ad-Damane.»</i> (source : <i>Convention de Financement</i>, p.2). The support mechanisms is as follows : <i>“le capital alloué à chaque institution par la Communauté européenne pourra être engagé pour <b>contregarantir</b> ses propres garanties de crédits d'investissements octroyés par les banques aux PME »</i> (source : <i>convention de financement</i>, p. 3).</p> <p>The eligible enterprises were to be:</p> <p>Les entreprises éligibles seront privées, <b>a priori solvables</b>, et opéreront dans les services ou de préférence dans l'industrie, à l'exclusion de la pêche, de l'agriculture et de l'armement ; l'investissement sera a priori rentable, d'au moins 100.000 euros, et financé <b>au minimum à 30% par des fonds propres</b> ; la garantie sera au maximum de <b>50%</b> du crédit et ne pourra, en tout état de cause, dépasser 350.000 euros.</p> <p>(source : <i>convention de financement</i>, p. 3).</p> <p><i>« Le gouvernement a mandaté une Etude sur le système national de la garantie en 2007 – gouvernement voulait développer une stratégie, la TPE est à présent un axe prioritaire. Etude qui conclut que pour fonctionner la garantie est consommatrice de ressources. Cout du risque sera supporté par pouvoir public, et non pas privé. L'Etat s'appuie sur la CCG pour faire cela »</i> (MN803).</p>
I-5.4.2	<p><b>MOROCCO</b></p> <p><b>Appui aux entreprises – Maroc</b></p> <p>This was the purpose of the “FOMAN hard” component of the programme which sought to give enterprises <i>“accès aux crédits concessionnels du FOMAN pour financer les <u>investissements matériels</u> nécessaires pour leur processus de mise à niveau »</i> (source : Financial Agreement). However the evaluation of the programme found that the object of FOMAN hard, which was to give an incentive to banks to support various programmes, by bringing its co-financing, notably by reducing financial guarantee requirements. However the evaluation found that banks remained largely cautious</p>

	<p>throughout the programme, despite the FOMAN support, albeit noticing an improvement in banks' understanding of FOMAN's value-added at the end of the programme : « <i>L'objet du FOMAN hard n'était pas d'apporter des financements significatifs. Le but recherché était plutôt démonstratif et incitatif vis-à-vis du secteur bancaire en encourageant celui-ci à réduire ses exigences en matière de garanties (personnelles ou immobilières) en parallèle des avantages liés à un crédit à taux bonifié. L'appréciation « conservatoire » du risque PME dans les banques n'a toutefois pas été sensiblement modifiée durant la mise en oeuvre du PAE.</i> » and « <i>Le volet 3 - FOMAN hard (cofinancements et garanties) a pris pratiquement deux ans de retard au démarrage du fait de critères d'éligibilité peu adaptés aux PME et d'une forte réticence de la part des banques ; il n'est devenu réellement efficace qu'après le recadrage, à partir de la mi-2006, et une collaboration plus active des banques.</i> ». (ADE (for the European Commission), <i>Evaluation finale ex-post du Programme d'Appui aux Entreprises – Maroc</i>, p.12, 2010).</p> <p>Additonally the evaluation found that the « FOMAN Hard » component of the programme contributed to improving the institutional positioning of the Caisse centrale de garantie (CCG) as an financial institution which can support SMEs « <i>L'appui institutionnel apporté à la CCG lui a permis de se structurer, de dynamiser son action et d'être considérée maintenant comme un interlocuteur sérieux et fiable par le monde bancaire. L'utilité de cet organisme en tant que soutien actif au développement des PME semble acquise, comme le montre les nouvelles missions dont il est chargé.</i> ». (ADE (for the European Commission), <i>Evaluation finale ex-post du Programme d'Appui aux Entreprises – Maroc</i>, 2010, p.35).</p> <p><b>Capmezzanine – Maroc</b> In this intervention, no activities from Intermediary Organisations aimed at increasing the capacity of private sector enterprises to obtain funding from bank or non-banking institutions.</p> <p><b>Appui aux Associations Professionnelles II – Maroc</b> In this intervention, no activities from Intermediary Organisations aimed at increasing the capacity of private sector enterprises to obtain funding from bank or non-banking institutions.</p> <p><b>Appui aux institutions financières de garantie aux PME – Maroc</b>  The evaluation report indicates that the intervention had a positive impact on the two Moroccan guarantee institutions it directly supported: « <b><i>L'impact du programme sur la situation financière et la gestion des deux caisses de garantie a été déterminant. L'impact de l'assistance technique est plus difficilement mesurable, mais, compte tenu du degré de satisfaction important des deux caisses, on peut être certain que le PAIGAM a eu et aura dans le futur un impact important sur la qualité des services fournis par les deux caisses.</i></b> » (source : ACE Consultants (for the European Commission), <i>Mission d'évaluation finale du programme d'appui aux institutions de garantie marocaines. Pays bénéficiaire: Maroc</i>, 2010, p. 8).</p> <p>Interviewees indicate that PAIGAM has contributed to improvement in the practices of the largest national guarantee actor – the CCG : « <i>PAIGAM a permis à la CCG de mieux cadrer son action et aller sur nvelle manière d'aborder le risque PME et ce, depuis 2009</i> », « <i>La manière d'aborder un produit de garantie est plus libre, avec moins de garde-fous, il faut que ça soit selon les observations du marché, pas de produit sclérosé et laisser le banquier faire ce qu'il doit faire.</i> ». (MN 803)</p>
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<b>JC 5.5</b>	<b><i>The ability of enterprises to obtain financial products and services has been strengthened</i></b>
<b>Findings at JC level</b>	There is evidence that the trickle-down effect, from supporting access or supply of finance to improvements in enterprises' abilities to obtain loan and investment funding, in the case of the two relevant interventions, has been mixed. In one case (Appui aux entreprises – FOMAN Hard) enterprises appreciated the support but the instrument was not the most suited and in the other (Appui aux institutions financières de garantie aux PME), there is evidence that enterprises did not benefit from additional loan or investment funding opportunities which the programme was supposed to develop.
<b>I-5.5.1</b>	Improvements in enterprises' capacities to submit bankable dossiers and evidence provided in this respect
<b>I-5.5.2</b>	Improvements in enterprises' accounting practices and evidence provided in this respect
<b>I-5.5.3</b>	Improvements in dealing with enterprises' lack of capitalisation (e.g. through seed money, venture capital) and lack of collateral (e.g. guarantee schemes) and evidence provided in this respect
<b>I-5.5.1</b>	<p><b>MOROCCO: .</b></p> <p><b>Appui aux entreprises – Maroc</b></p> <p>The «FOMAN Hard» component of the programme did not so much target enterprises' capacities to submit bankable dossiers. However the evaluation of the programme found that enterprises appreciated the financial support received, in terms of an advantageous rate and guarantees, which contributed to making their dossiers more bankable (although this is not a finding of the evaluation): <i>«Les entreprises bénéficiaires, même si l'échantillon est modeste, ont apprécié dans l'ensemble d'avoir profité d'un soutien financier - cofinancement à un taux très avantageux et garanties – qui facilite leur modernisation compétitive»</i>. (ADE (for the European Commission), <i>Evaluation finale ex-post du Programme d'Appui aux Entreprises – Maroc</i>, 2010, p.35).</p> <p>However the third monitoring report is negative in its appreciation of the FOMAN, indicating that demand from SMEs had been limited and that procedures to gain access to the fund were lengthy: <i>«L'utilisation du FOMAN Hard reste toutefois marginale : déblocage financier de 14 projets pour un total de 1.544.087 €. Cependant, depuis avril 2006, une vaste campagne de promotion du FOMAN a été lancée par l'expert international détaché en partenariat avec la CCG : à ce jour, 28 banques sur 4 régions ont été contactées et 110 banquiers ont assisté à des séances d'information»</i> and <i>«[la promotion active des produits] du FOMAN Hard, dont la compétitivité reste incertaine, en raison notamment des trop longues procédures de déblocage des fonds»</i> (p.2). <i>«Enfin, la viabilité du FOMAN Hard dépendra du soutien accru des autorités aux efforts mis en oeuvre cette année, par exemple en assouplissant les procédures de déblocage des fonds.»</i> (p.2).</p> <p>Low demand for FOMAN funds can be explained by the following reasons, provided in the second monitoring report (MR-10248.02), notably the overliquidity of the Moroccan banking sector at the time as well as the presence of other international funds and the lack of relevance of the proposed financial instruments: <i>«L'utilisation du FOMAN «hard», après plus d'un an de fonctionnement, reste toujours marginale. La gestion autonome du volet par la CCG, entièrement</i></p>

	<p>découpée de l'ensemble du projet, et mise en place <b>dans un contexte de sur-liquidité des banques marocaines et d'existence de plusieurs fonds internationaux de financement (lignes française, italienne, PADAIG, FORTEX), contribue à sa faible performance.</b> Afin de combler le retard encouru lors du démarrage du programme, il a été décidé une prolongation de sa période opérationnelle, ainsi que du contrat d'AT de l'UGP, du 30/06/ au 31/12/08. » (p.2). « Le FOMAN « hard », enfin, ne pourrait devenir viable que dans une perspective de synergie, notamment avec le volet « modernisation », et d'une réflexion sur une <b>meilleure adaptation des instruments financiers proposés au système bancaire</b> » (p.2).</p> <p><b>Capmezzanine – Maroc .</b></p> <p><b>Appui aux Associations Professionnelles II – Maroc</b> this was not the focus of this intervention.</p> <p><b>Appui aux institutions financières de garantie aux PME – Maroc</b> See I-5.4.2.</p> <p>The evaluation report indicates that enterprises did not benefit from additional loan or investment funding opportunities which the programme was supposed to develop : neither new financial products, nor improvements in loan conditions : « Les entreprises, quant à elles, n'ont pas non plus tiré parti des possibilités supplémentaires de crédit que le programme devait offrir : pas de produits financiers nouveaux (pourtant mentionnés comme un objectif dans les TdR), peu d'amélioration des conditions des prêts : réduction des coûts, réduction des garanties demandées etc. » (source : ACE Consultants (for the European Commission), Mission d'évaluation finale du programme d'appui aux institutions de garantie marocaines. Pays bénéficiaire: Maroc, 2010, p. 7).</p> <p>The interviewee indicates that PAIGAM's rigidity was somewhat detrimental to its objectives :</p> <p>« La mise en place a pris du temps, le paramétrage du programme a pris un peu de temps, on a trop verrouillé la demande au départ, trop exigeant, trop de papiers pour validation de dossier – cela venait tant de la CE que de la CCG. Les prescripteurs du produit sont les banques. Les bénéficiaires étaient les banques qui fléchaient le produit. Une campagne de communication a été effectuée pendant 3 ans pour vulgariser le produit auprès des banques. Les critères d'éligibilité des entreprises étaient restrictifs – difficile d'en trouver considérant que le gros du tissu c'est des petites entreprises familiales: (1) encadrement de 3 personnes dans l'entreprise, (2) maximum du total bilan alors que celles qui en avaient le plus besoin étaient celles qui ne répondaient pas à ce critère.» (MN803).</p> <p>« La clôture a eu lieu en 2008. Les entreprises sont satisfaites, elles reviennent en demander. » (MN803).</p>
I-5.5.2	<p><b>MOROCCO</b></p> <p><b>Appui aux entreprises – Maroc</b></p> <p><b>Capmezzanine – Maroc</b></p> <p><b>Appui aux Associations Professionnelles II – Maroc</b> this was not the focus of this intervention.</p> <p><b>Appui aux institutions financières de garantie aux PME – Maroc</b> See I-5.4.2 and I-5.5.1.</p>
I-5.5.3	<p><b>MOROCCO</b></p>



	<p><b>Appui aux entreprises – Maroc</b></p> <p><b>Capmezzanine – Maroc</b></p> <p>In terms of results, the 2010 Management report of the Capmezzanine funds indicates that 63 investment opportunities were assessed in 2010 and that 3 were successful (source: CDG Capital Private Equity, <i>Rapport de Gestion 2010 Fonds Capmezzanine</i>, mars 2011, p. 4).</p> <p><b>Appui aux Associations Professionnelles II – Maroc</b> this was not the focus of this intervention.</p> <p><b>Appui aux institutions financières de garantie aux PME – Maroc</b></p> <p>See I-5.4.2 and I-5.5.1.</p> <p>The evaluation report indicates that <b>enterprises who were intended to benefit from the technical and financial improvements of the guarantee institutions, did not reap the results</b>: “<i>Le PAIGAM s’est concentré sur l’aide aux deux caisses de garantie, tandis que <u>l’appui aux entreprises en matière de facilitation du financement a été quasiment inexistant</u>, malgré l’identification des entreprises comme les bénéficiaires finaux dans l’un des documents des Termes de référence du programme</i>». One reason put forward for the lack of a trickle-down effect to enterprises, is the discrepancy between the financial resources set for the guarantee capital and the resources set for the communication and training on the guarantee support mechanism, which meant that few banks knew and understood the Commission-funded guarantee support mechanism: “<i>dans la pratique, les fonds d’aide n’ont pas permis de mettre en oeuvre des initiatives significatives de soutien telle que des actions de formation-promotion auprès des banques et des entreprises comme l’ont révélé les quelques entretiens réalisés par la Mission auprès de ces bénéficiaires et ce, malgré un programme de promotion élaboré en collaboration avec les deux IGM</i>». (source : ACE Consultants (for the European Commission), <i>Mission d’évaluation finale du programme d’appui aux institutions de garantie marocaines. Pays bénéficiaire: Maroc</i>, 2010, p. 5-6).</p>
<b>JC 5.6</b>	<b><i>Supported financial institutions have improved their ability to mobilise funding and/or act as intermediaries</i></b>
<b>Findings at JC level</b>	<p>There is evidence that financial institutions have improved their ability to mobilise funding and/or act as intermediaries through the « Appui aux institutions financières de garantie aux PME » and the Capmezzanine » interventions.</p> <p>Division of labour with EIB which supports PS actors directly in access to finance exists, through support to specific financial instruments: RCO+TA – yet room for more consultation/coordination. (MN801, 815, 810, 818)</p>
<b>I-5.6.1</b>	Commission strategy and programming documents foresee support for the mobilisation of private funding sources including private savings
<b>I-5.6.2</b>	Commission strategy and programming documents foresee support for more efficient financial markets
<b>I-5.6.3</b>	Central Bank monitoring data show an increase and diversification of private funding sources including private savings
<b>I-5.6.4</b>	Stakeholders consider there is a linkage between the observed evolutions in funding mobilisation and the Commission’s support
<b>I-5.6.5</b>	Local financial institutions have improved their mobilisation and intermediation to effectively channel resources and adapt financial services/products to the needs of

	local enterprises and notably of MSMEs
I-5.6.1	<b>MOROCCO:</b> this was not mentioned in the CSPs.
	<b>Appui aux entreprises – Maroc</b> this was not the focus of this intervention.
	<b>Capmezzanine – Maroc</b>
	<b>Appui aux Associations Professionnelles II – Maroc</b> this was not the focus of this intervention.
	<b>Appui aux institutions financières de garantie aux PME – Maroc</b>
I-5.6.2	<b>MOROCCO</b> this was not mentioned in the CSPs.
	<b>Appui aux entreprises – Maroc</b>
	<b>Capmezzanine – Maroc</b>
	<b>Appui aux Associations Professionnelles II – Maroc</b> this was not the focus of this intervention.
	<b>Appui aux institutions financières de garantie aux PME – Maroc</b> This intervention which provided co-guarantees (from the European Commission) to two Moroccan guarantee institutions - Caisse Centrale de Garantie et Dar Ad-Damane – also included a TA to those beneficiary institutions, training, short-term expertise and studies were notably foreseen (source: <i>Financial Agreement</i> , p.24).
I-5.6.3	<b>MOROCCO</b>
	<b>Appui aux entreprises – Maroc</b> this was not the focus of this intervention
	<b>Capmezzanine – Maroc</b>
	<b>Appui aux Associations Professionnelles II – Maroc</b> this was not the focus of this intervention
	<b>Appui aux institutions financières de garantie aux PME - Maroc</b>
I-5.6.4	<b>MOROCCO:</b>
	<b>Appui aux entreprises – Maroc</b> this was not the focus of this intervention
	<b>Capmezzanine – Maroc</b>
	<b>Appui aux Associations Professionnelles II – Maroc</b> this was not the focus of this intervention
	<b>Appui aux institutions financières de garantie aux PME - Maroc</b>
I-5.6.5	<b>MOROCCO</b>
	<b>Appui aux entreprises – Maroc</b> this was not the focus of this intervention
	<b>Capmezzanine – Maroc</b> This was the purpose of this intervention which funded the technical assistance for the set-up and launch of a mezzanine fund (defined in the formal EIB request for funding as a “ <i>Prêt subordonné à la dette senior mais dont la rémunération est supérieure. Il peut être assorti d’un mécanisme qui permet au prêteur de participer à terme au capital de la société emprunteuse. Ce type de financement est considéré comme du quasi-capital</i> ») which was a new financial instrument in Morocco, as well as a financial participation (17.14%) through the EIB.

	<p>The EIB indicated that <b>the Fund was intended to provide capital mainly to SMEs, and would notably complement the existing financial supply available from commercial banks and other investment funds in Morocco by providing “mezzanine” type-funding</b> : <i>“Le Fonds aura pour objet d’investir en fonds propres et en quasi-fonds propres principalement dans des petites et moyennes entreprises marocaines. Il viendra compléter l’offre de financement actuellement proposée par les banques commerciales et les autres fonds d’investissement en mettant à la disposition des entreprises marocaines des financements de type « mezzanine ». Ces financements intermédiaires, subordonnés à la dette senior, sont particulièrement appréciés des entreprises dans les phases de recomposition de l’actionariat, de recapitalisation et de croissance externe».</i> (source : BEI, Proposition du Comité de Direction au Conseil d’Administration sur la prise de participation dans une société d’investissement – Opération sur capitaux à risques, 12 juin 2007).</p> <p>Additionally, the format of the support : a €6m participation in capital from the EIB (under the Commission funded “Support for FEMIP”) to a new Moroccan Fund created by the Caisse des Dépôts et de Gestion marocaine and <b>managed by the Moroccan company “Accès Capital Atlantique” contributes to the capacity-building of local financial institutions.</b></p> <p><b>The TA in turn built up local capacities</b> : <i>« L’objet de cette assistance technique est, d’une part, d’apporter le soutien nécessaire à la Société de Gestion pour l’aider à gérer sa croissance et pour faire en sorte que les meilleures pratiques internationales soient mises en place en ce qui concerne son fonctionnement (contrôle interne, procédures pour le processus d’investissement et de désinvestissement, valorisation, monitoring et reporting, etc.), et d’autre part, de dispenser une formation complémentaire adéquate à l’équipe de gestion en ce qui concerne la structuration et le suivi d’opérations de financement mezzanine (due diligence, modèles financiers, documentation juridique, etc.)»</i> ((source : BEI, Proposition du Comité de Direction au Conseil d’Administration sur la prise de participation dans une société d’investissement – Opération sur capitaux à risques, 12 juin 2007).</p> <p>In terms of results, the 2010 Management report of the Capmezzanine funds indicates that the investment phase of the Fund started in 2009 supplying a mix of “equity” and “mezzanine debt” (source: CDG Capital Private Equity, <i>Rapport de Gestion 2010 Fonds Capmezzanine</i>, mars 2011, p. 4).</p> <p><b>Appui aux Associations Professionnelles II – Maroc</b> this was not the focus of this intervention</p> <p><b>Appui aux institutions financières de garantie aux PME – Maroc</b></p> <p>The evaluation found that <b>the intervention did notably strengthen the two direct beneficiaries, namely the two Moroccan guarantee institutions</b> : <i>« La Mission a conclu que les résultats du PAIGAM auprès des deux caisses de garantie ont été satisfaisants sur le plan qualitatif, à savoir : (1) Deux fonds de garantie viables grâce à l’appui financier qui a permis d’accompagner leur consolidation durant la période 2000-2009 ; (2) Les actions de suivi et la contribution des experts mis à disposition des deux IGM ont été appréciés par celles-ci et auront un impact futur ; (3) Un personnel bien formé grâce à la présence des experts permanents, la participation à des séminaires de formation, une évaluation conjointe des dossiers avec un expert expatrié ; (4) Une confiance retrouvée des banques envers les deux IGM »</i> (source : ACE Consultants (for the European Commission),</p>
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	<p><i>Mission d'évaluation finale du programme d'appui aux institutions de garantie marocaines. Pays bénéficiaire: Maroc, 2010, p. 6).</i></p> <p>The evaluation concluded that : « <i>les deux IGM ont tiré parti de l'intervention de la Commission européenne et, de fait, <b>ont redynamisé leur gestion et amélioré leur position sur le marché.</b></i> » (source : ACE Consultants (for the European Commission), <i>Mission d'évaluation finale du programme d'appui aux institutions de garantie marocaines. Pays bénéficiaire: Maroc, 2010, p. 7).</i></p> <p>However the evaluation found that <b>banks, as the partners of the two supported guarantee institutions, did not sufficiently take advantage of the possibilities brought by the intervention, such as an improved understanding of the co-guarantee system and a greater expertise in the analysis of dossiers:</b> “<i>il semble que les banques, par manqué d'information et de promotion, n'ont pas su profiter de toutes les possibilités que pouvait leur offrir le projet, comme une meilleure connaissance du système de cogarantie, une plus grande expertise dans l'analyse des dossiers etc.</i>” and “<i>Il est évident qu'au niveau de la direction des banques, le PAIGAM était connu, mais le fait est que les responsables de crédit interrogés par la Mission ne connaissaient ni l'origine du programme (financement de la Commission européenne), ni sa structure ni ses possibilités. L'impact semble donc faible sur le terrain. En définitive, les banques n'ont pas utilisé au mieux la contre-garantie par rapport aux possibilités financières (pas plus de Dh 2 milliards).</i> (source : ACE Consultants (for the European Commission), <i>Mission d'évaluation finale du programme d'appui aux institutions de garantie marocaines. Pays bénéficiaire: Maroc, 2010, p. 7 and 9).</i></p> <p>The evaluation report deplores the <b>absence of creation of new financial products</b>, although mentioned in the ToRs: « <i>L'absence de création de nouveaux produits financiers pourtant expressément mentionnés dans les Termes de référence</i> » (source : ACE Consultants (for the European Commission), <i>Mission d'évaluation finale du programme d'appui aux institutions de garantie marocaines. Pays bénéficiaire: Maroc, 2010, p. 6).</i></p> <p>Generally, the report concludes that the impact has been : « (1) <i>Grâce aux actions du PAIGAM, <b>le processus de garantie financière en faveur des banques pour des prêts au secteur privé est désormais mieux connu et bien perçu par le secteur financier,</b></i> (2) <i>Le concept de garantie financière des crédits aux PME-PMI dans le milieu bancaire a progressé, mais son utilisation effective est encore loin du niveau d'autres pays MEDA qui ont profité de l'assistance de la Commission européenne pour créer de nouveaux produits financiers, avec par exemple la réduction des garanties personnelles exigées, et donc augmenter très sensiblement le niveau des demandes de prêts.</i> (3) <i>L'attitude des banques face au risque s'est légèrement améliorée grâce à une plus grande confiance dans la situation financière des IGM.</i> » (source : ACE Consultants (for the European Commission), <i>Mission d'évaluation finale du programme d'appui aux institutions de garantie marocaines. Pays bénéficiaire: Maroc, 2010, p. 9-10).</i></p>
<b>JC 5.7</b>	<b><i>Among MSMEs, the Commission has addressed the constraints of micro-enterprises</i></b>
<b>Findings at JC level</b>	Based on the evidence collected so far, micro-enterprises were not targeted at all in the Commission's PSD support in Morocco.
<b>I-5.7.1</b>	The Commission has analysed the specific problems of micro-enterprises in

	countries of intervention
I-5.7.2	The Commission has addressed the capacity problems of micro-enterprises in terms of submitting bankable financing requests to financial intermediaries
I-5.7.3	The Commission has addressed the capacity problems of micro-enterprises in terms of management capacity, accounting, and transparency
I-5.7.4	Evidence that MSMEs have improved their access to finance and role of the Commission support in this respect
I-5.7.1	<b>MOROCCO:</b> .
	Appui aux entreprises – Maroc .
	Capmezzanine – Maroc .
	Appui aux Associations Professionnelles II - Maroc .
	Appui aux institutions financières de garantie aux PME – Maroc .
I-5.7.2	<b>MOROCCO</b> .
	Appui aux entreprises - Maroc .
	Capmezzanine - Maroc .
	Appui aux Associations Professionnelles II - Maroc .
	Appui aux institutions financières de garantie aux PME - Maroc .
I-5.7.3	<b>MOROCCO</b> .
	Appui aux entreprises - Maroc .
	Capmezzanine - Maroc .
	Appui aux Associations Professionnelles II - Maroc .
	Appui aux institutions financières de garantie aux PME - Maroc .
I-5.7.4	<b>MOROCCO:</b> .
	Appui aux entreprises – Maroc .
	Capmezzanine – Maroc .
	Appui aux Associations Professionnelles II - Maroc .

<b>EQ 6</b>	<b>To what extent did the Commission contribute to a better ability of enterprises, in particular SMEs, to compete and to access technology and new markets?</b>
<b>JC 6.1</b>	<b><i>The Commission's support to enterprise competitiveness was targeted on the basis of an analysis of the main shortcomings of enterprises in terms of competitiveness</i></b>
<b>Findings at JC level</b>	EC PSD support approach – mise à niveau – geared towards improving competitiveness, in frame of implementation of AA. (MN 801, 802, 817, 818, 814). There has been little evidence that the Commission's support to improvements in competitiveness was based on an analysis of main shortcomings. However all interventions (except for “Capmezzanine” it would seem) indirectly or directly aim to improve Moroccan companies' competitiveness in the context of the progressive opening up of the economy, under the AA and other free trade agreements. This included support to local Moroccan structures to provide BDS to Moroccan enterprises (support to BDS providers rather than direct BDS provision).
<b>I-6.1.1</b>	Existence of documented analysis of the main shortcomings of enterprises in terms of competitiveness, including forward studies and surveys of key sectors or subsectors in regions/countries concerned
<b>I-6.1.2</b>	In its strategy/programming documents the Commission refers to these analyses
<b>I-6.1.3</b>	Stakeholders, in particular from the private sector, consider that the shortcomings identified are the right ones
<b>I-6.1.4</b>	The Commission support was geared towards tackling the shortcomings identified in these analyses
<b>I-6.1.5</b>	A critical mass of enterprises facing competitiveness problems (grouped by sector, or by potential exporting enterprises) has been targeted
<b>I-6.1.6</b>	PSD programming in the area of BDS and non-financial service provision has targeted sustainable reinforcement of the structures and functioning of local markets (as per Recommendation RI-2 of the 2005 Evaluation)
<b>I-6.1.7</b>	Number of BDS interventions aimed at reinforcing local BDS markets versus the number of interventions providing direct BDS services
<b>I-6.1.1</b>	<b>MOROCCO: .</b>
	<b>Appui aux entreprises – Maroc .</b>
	<b>Capmezzanine – Maroc .</b>
	<b>Appui aux Associations Professionnelles II – Maroc</b> Not applicable. Although this programme aims, ultimately at reinforcing enterprises' competitiveness, it does so indirectly, by supporting professional organizations and not enterprises directly. The documents consulted for the intervention therefore did not include reference to any documented analysis of the main shortcomings of enterprises in terms of competitiveness.
	<b>Appui aux institutions financières de garantie aux PME - Maroc .</b>
<b>I-6.1.2</b>	<b>MOROCCO</b>

	<b>Appui aux entreprises – Maroc</b>
	<b>Capmezzanine – Maroc</b>
	<b>Appui aux Associations Professionnelles II – Maroc</b> Not applicable. See I-6.1.1.
	<b>Appui aux institutions financières de garantie aux PME – Maroc</b>
<b>I-6.1.3</b>	<b>MOROCCO</b>
	<b>Appui aux entreprises – Maroc</b>
	<b>Capmezzanine – Maroc</b>
	<b>Appui aux Associations Professionnelles II – Maroc</b> Not applicable. See I-6.1.1.
	<b>Appui aux institutions financières de garantie aux PME – Maroc</b>
<b>I-6.1.4</b>	<p><b>MOROCCO:</b> The bulk of the Commission's PSD support was geared towards supporting the adaptation of Moroccan companies to the free trade zone, in the frame of the AA, and thus of their competitiveness.</p> <p><b>Appui aux entreprises – Maroc</b>  <b>The intervention's overall objective is to develop and modernise the private sector:</b> « <i>L'objectif global du PAE est l'appui au développement et à la modernisation du secteur privé marocain, en particulier des petites et moyennes entreprises, dans la perspective de la libéralisation des échanges commerciaux.</i> » (source : <i>Financial Agreement</i>).</p> <p>The financial agreement indicates that <b>one of the programme's three components specifically addresses obstacles to SMEs' competitiveness:</b> "<b><i>Un volet «Modernisation des PME» qui comporte une assistance aux entreprises marocaines – directement ou à travers leurs associations professionnelles – sur tous les aspects pertinents dans un contexte de libéralisation des échanges commerciaux par le conseil, la formation et l'information. Une attention particulière portera sur le développement d'une expertise locale dans ces domaines (consultance locale). Ce volet comprend aussi la mise en place et le fonctionnement d'un «European Information Correspondance Centre (EICC)» (p.2). « Volet «Modernisation des PME» Contribuer à la modernisation des PME marocaines et améliorer leur compétitivité en fonction des défis engagés par la création de la ZLE par :</i></b></p> <ul style="list-style-type: none"> <li>- <i>le conseil direct aux entreprises et la formation dans divers domaines (qualité, stratégie commerciale, réorganisation de la production, systèmes de gestion, conseil financier etc.);</i></li> <li>- <i>la promotion du partenariat avec les entreprises européennes;</i></li> <li>- <i>l'amélioration et la diffusion de l'information commerciale aux entreprises;</i></li> <li>- <i>des actions groupées au travers ou sur l'initiative des structures d'appui aux entreprises.</i></li> <li>- <i>le renforcement de la consultance marocaine et sa participation de façon croissante aux activités de mise à niveau et de modernisation des PME.</i> » (p.3).</li> </ul> <p>The component in support to the creation of a National 'Upgrade' Fund which will fund consulting services for SMEs as well as their access to finance also contributes to their improvements in competitiveness: "<b><i>Un volet «Fonds national de mise à niveau» (FOMAN) comprenant une contribution financière pour appuyer le démarrage de ce Fonds national. Le FOMAN, un fonds marocain, vise à faciliter</i></b></p>

	<p><i>P'accès des PME au conseil de mise à niveau par la consultance locale et au financement à moyen et long terme pour des équipements.</i> « (p.3).</p> <p>An interviewee at HQ considered that three-component basis of the programme was appropriate to address constraints: « <i>On the three-pronged structure of the programme: it does make sense to have three different components. Can't upgrade the capacity of Centres Techniques without also building up the accreditation bodies and giving them access to a Fonds national so they can get direct funding</i> ». (MN601).</p> <p><b>Capmezzanine – Maroc</b> This was not the objective of this intervention although it sought to support business sectors identified as future drivers of the Moroccan economic growth by developing the Capmezzanine fund (an innovative financial instrument).</p> <p><b>Appui aux Associations Professionnelles II – Maroc</b> This intervention, by building the capacity professional organizations – which are IOs and provide BDS to enterprises – did seek to reinforce them in a sustainable manner. Its overall objective was to increase their competitiveness : « <i>L'objectif global est d'accroître la compétitivité des entreprises et de renforcer leur capacité de mise à niveau à travers l'appui aux Associations Professionnelles (AP)</i> ». (source : convention de financement)</p> <p><b>Appui aux institutions financières de garantie aux PME – Maroc</b> <b>The objective of this intervention has been to strengthen enterprises' competitiveness by facilitating their access to credit.</b> The specific objectives are to (1) develop credit guarantee institutions' financial and technical capacity, as well as those of banks seeking guarantees and (2) increase the granting of credits to enterprises, via the granting of guarantees on those credits. (source: <i>Financial Agreement</i>). The financial agreement does not mention the specific constraints which the present intervention sought to address. The project synopsis, part of the ROM exercise, is more explicit, referring to enterprises' under-capitalisation as limiting their development and adaptation to an open market, since the free-trade agreement with the EU: « <i>Les besoins de financement d'investissement dans le système productif marocain ont été considérables, étant donné les retards accumulés dans de nombreux secteurs et la perspective d'une concurrence internationale croissante accentuée par la mise en place de la zone de libre échange. Or, les banques, malgré une situation globale de sur-liquidité, n'ont employé qu'une faible partie des ressources disponibles pour financer des crédits à moyen ou long terme orientés vers le secteur productif et cela à des taux d'intérêt réels élevés. Le système bancaire marocain s'est caractérisé par une faible concurrence et une propension au risque insuffisante. Il en résulte un problème global de disponibilité de crédits pour financer les investissements productifs des PME, desquels dépend, dans une mesure importante, la croissance future de l'économie nationale. Des schémas de garantie existent depuis plusieurs années mais se sont avérés peu efficaces face aux besoins du secteur privé, une insuffisance à la fois quantitative et qualitative.</i> » (source : Project Synopsis, ROM).</p>
I-6.1.5	<p><b>MOROCCO .</b></p> <p><b>Appui aux entreprises – Maroc .</b></p> <p><b>Capmezzanine – Maroc .</b></p> <p><b>Appui aux Associations Professionnelles II – Maroc</b> This BDS intervention aimed at reinforcing local BDS markets, by building the capacity of professional organisations and their services to enterprises.</p>



	<p><b>Appui aux institutions financières de garantie aux PME – Maroc</b></p> <p>This intervention specified the enterprises eligible to the guarantee support scheme: “<i>Secteurs d'activité éligibles: P.M.E. marocaines du secteur privé productif, de préférence dans le secteur industriel, y compris l'agro-industrie, et (également) dans le secteur des services. Secteurs exclus: pêche, agriculture (exploitations agricoles), armement.</i> »</p> <p>New enterprises were not eligible (“<i>Les entreprises en création ne sont pas éligibles. Seuls seront éligibles les projets présentés par des entreprises ayant plus de deux années effectives d'existence</i>»). Only SMEs were eligible (« <i>leur bilan ne saurait être supérieur à 50 millions DH avant investissement</i> ») (source : <i>Financial Agreement</i>, p. 8).</p>
I-6.1.6	<p><b>MOROCCO</b></p> <p>On support to BDS, one interviewee at HQ indicated that guidelines existed, for example on the necessity to preferably to search co-financing from IOs, or to prioritise the capacity building of <b>BDS providers for example, for sustainability purposes, rather than providing BDS directly to enterprises</b> (MN 601).</p> <p><b>Appui aux entreprises – Maroc</b></p> <p>Although the intention of the programme was to build up the capacity of professional organisations and their services to enterprises, the actions put in place had not led to sustainable results, according to the report of the programme-level evaluation, notably as they could not be replicated due to the lack of associations' own financial resources: “<i>Néanmoins, à la suite des différents entretiens avec les Associations Professionnelles visitées, on peut émettre quelques réserves sur le <b>niveau qualitatif de nombre d'actions financées qui n'ont pas toujours donné les résultats escomptés car organisées de manière ponctuelle et sans possibilité de renouvellement par manque de ressources financières propres. Il s'agit particulièrement des actions de demandes de recrutement de personnel, de voyages d'études, de séminaires, de journées techniques, etc.</b></i>”</p> <p><i>Les résultats de ces actions n'ont pas permis la réalisation de l'objectif spécifique de renforcement des capacités opérationnelles des Associations Professionnelles <b>dont le handicap le plus important est le manque de ressources financières, souvent dû au non paiement des cotisations d'une grande partie des membres.</b></i> » (source: ACE International Consultants (for the European Commission), <i>Mission d'évaluation finale du Programme d'appui aux Associations Professionnelles au Maroc (PAAP II), Evaluation finale</i>, 2011, p.8).</p> <p><b>Capmezzanine – Maroc .</b></p> <p><b>Appui aux Associations Professionnelles II – Maroc</b></p> <p>This information provided here doesn't qualify under this precise indicator – but it gives evidence of the relevance of the programme and Professional organisations' interest in it, as it outstood their demand : « <i>Au plan financier, la demande globale des 53 propositions acceptées représente 1,7 fois le budget opérationnel total disponible, <b>ce qui révèle l'attrait important du programme</b></i> » (p.1).</p> <p><b>Appui aux institutions financières de garantie aux PME – Maroc .</b></p>
I-6.1.7	<p><b>MOROCCO</b></p> <p><b>Appui aux entreprises – Maroc</b></p> <p>Not applicable. See I-6.1.1.</p>

	<b>Capmezzanine – Maroc</b>
	<p><b>Appui aux Associations Professionnelles II – Maroc</b></p> <p>This intervention was aimed at reinforcing professional associations and their ability to deliver services to their members (enterprises), ie, local BDS markets, rather than providing direct BDS services.</p>
	<b>Appui aux institutions financières de garantie aux PME - Maroc</b>
<b>JC 6.2</b>	<b><i>The delivery channels or IOs for this support were appropriate and able to deliver</i></b>
<b>Findings at JC level</b>	<ul style="list-style-type: none"> <li>• Choice of support to intermediaries, rather than to SMEs directly. Depending on the intervention, IOs supported were professional organisations, BDS providers or local financial institutions</li> <li>• EC approach has been support to sectoral structuration through dual support to (1) professional organisations, as intermediaries and as representatives of sectors in dialogue, and to (2) CTIs as sectoral technical arm (MN810, 816)</li> <li>• .</li> <li>• Results have been: capacity-building of intermediary organizations : (1) in MOR, key strengthening of CCG, Dar al Damane (transfer of knowledge/skills, effects on turnover), ANPME (growth of institution, regional network), CTIs. Stronger positions in institutional landscape, better established, (MN803, 812, 806, 814, 816)</li> </ul>
<b>I-6.2.1</b>	Commission programming documents and stakeholders show that intermediary organisations were selected on the basis of their ability to deliver
<b>I-6.2.2</b>	Monitoring/evaluation reports and/or stakeholders provide evidence that selected intermediary organisations delivered
<b>I-6.2.3</b>	Monitoring/evaluation reports and/or stakeholders provide evidence that key follow-up at the level of intermediary organisations occurred
<b>I-6.2.4</b>	Monitoring/evaluation reports and/or stakeholders provide evidence to show that institutions for business development services have been strengthened in a sustainable manner
<b>I-6.2.1</b>	<b>MOROCCO:</b>
	<b>Appui aux entreprises – Maroc</b>
	<b>Capmezzanine – Maroc</b> not relevant.
	<p><b>Appui aux Associations Professionnelles II – Maroc</b></p> <p>This intervention specifically gave support to IOs, here Professional organizations (POs).</p> <p>The POs selected were done on the basis of a call for proposal (<i>«La sélection des AP candidates et de leurs plans d'action se fera par procédure d'appel a propositions Restreint»</i> (Financial Agreement, p.23) and <i>«Les bénéficiaires seront les AP et fédérations d'associations professionnelles marocaines désignées selon des critères d'éligibilité à agréer par le Comité de Pilotage et dont les propositions auront été sélectionnées sur base d'un appel à propositions»</i>. (p.25)).</p>

	<p>The first monitoring report indicates that « <i>La procédure d'appel à propositions introduite dans le PAAP 2 vise à garantir l'objectivité et la transparence de la sélection des AP.</i> » (p.1)</p> <p>The second monitoring report's BCS indicates that : « <i>La sélection des AP et des fédérations d'AP s'est effectuée en toute transparence et sous la houlette du Comité de Pilotage.</i> » .</p> <p>In addition, the programme's implementing agency was the « Confédération Générale des Entreprises du Maroc (CGEM) » which is the national business association in Morocco. The first monitoring report indicates that this choice was a sound one: « <i>Le projet a l'avantage de bénéficier de la CGEM comme agence d'exécution, qui apporte ses capacités d'encadrement technique et financier ainsi que les infrastructures nécessaires au projet au cours de son exécution et éventuellement au delà de son terme.</i> ». The BCS of the second monitoring report indicates that « <i>Le CGEM dispose de moyens suffisants pour entretenir les infrastructures et la logistique liées au PAAP une fois le programme arrivé à terme.</i> », thus validating the choice of the CGEM.</p> <p>In the end, according the evaluation of the programme, the Programme directly supported 54 professional associations, industrial federations and industrial zones, alongside the « Confédération Générale des Entreprises du Maroc (CGEM) » which is the national business association in Morocco (source: ACE International Consultants (for the European Commission), <i>Mission d'évaluation finale du Programme d'appui aux Associations Professionnelles au Maroc (PAAP II), Evaluation finale, 2011, p.5</i>).</p> <p>The evaluation report considers the choice of the « Confédération Générale des Entreprises du Maroc (CGEM) » as very relevant for the following reasons : « (1) Elle dispose d'un savoir-faire dans l'appui aux Associations professionnelles. (2) Elle fédère le plus grand nombre d'Associations Professionnelles et de Fédérations. (3) Elle dispose de moyens matériels et humains nécessaires au projet. (4) Elle a fait preuve d'efficacité dans la gestion du PAAP I. (5) L'équipe qui a assuré la gestion du programme a une parfaite maîtrise des problèmes du tissu associatif professionnel. » (source: ACE International Consultants (for the European Commission), <i>Mission d'évaluation finale du Programme d'appui aux Associations Professionnelles au Maroc (PAAP II), Evaluation finale, 2011, p.33</i>).</p> <p>It found however that :</p> <ul style="list-style-type: none"> <li>▪ certain APs should not have been funded, notably those supported by other donors: « <i>Le PAAP II n'aurait pas dû travailler avec des AP (comme l'AMITH par exemple) déjà subventionnées par d'autres bailleurs de fonds.</i> »</li> <li>▪ less should have been funded : « <i>Il aurait été souhaitable de sélectionner moins d'AP, pas nécessairement les plus performantes, pour leur apporter un appui plus substantiel et plus structurant.</i> »</li> <li>▪ the weakest APs should not have been supported : « <i>Des Associations Professionnelles n'auraient jamais dû bénéficier de l'appui du PAAP II car ces dernières se trouvent en situation de survie et aucun plan d'action ne saurait avoir d'impact sur leur fonctionnement.</i> »</li> </ul> <p>(source: ACE International Consultants (for the European Commission), <i>Mission d'évaluation finale du Programme d'appui aux Associations Professionnelles au Maroc (PAAP II), Evaluation finale, 2011, p.45-6</i>).</p> <p><b>Appui aux institutions financières de garantie aux PME – Maroc</b> not relevant.</p>
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I-6.2.2	<b>MOROCCO</b>
	<b>Appui aux entreprises – Maroc</b> The evaluation found that the « FOMAN Hard » component of the programme contributed to improving the institutional positioning of the Caisse centrale de garantie (CCG) as an financial institution which can support SMEs « <i>L'appui institutionnel apporté à la CCG lui a permis de se structurer, de dynamiser son action et d'être considérée maintenant comme un interlocuteur sérieux et fiable par le monde bancaire. L'utilité de cet organisme en tant que soutien actif au développement des PME semble acquise, comme le montre les nouvelles missions dont il est chargé.</i> ». (ADE (for the European Commission), <i>Evaluation finale ex-post du Programme d'Appui aux Entreprises – Maroc</i> , 2010, p.35).
	<b>Capmezzanine – Maroc</b> not relevant.
	<b>Appui aux Associations Professionnelles II – Maroc</b>
	<b>Appui aux institutions financières de garantie aux PME – Maroc</b> The evaluation report indicates that the intervention had a positive impact on the two Moroccan guarantee institutions it directly supported: « <i>L'impact du programme sur la situation financière et la gestion des deux caisses de garantie a été déterminant. L'impact de l'assistance technique est plus difficilement mesurable, mais, compte tenu du degré de satisfaction important des deux caisses, on peut être certain que le PAIGAM a eu et aura dans le futur un impact important sur la qualité des services fournis par les deux caisses.</i> » (source : ACE Consultants (for the European Commission), <i>Mission d'évaluation finale du programme d'appui aux institutions de garantie marocaines. Pays bénéficiaire: Maroc</i> , 2010, p. 8).
I-6.2.3	<b>MOROCCO</b>
	<b>Appui aux entreprises – Maroc</b>
	<b>Capmezzanine – Maroc</b> not relevant.
	<b>Appui aux Associations Professionnelles II – Maroc</b>
	<b>Appui aux institutions financières de garantie aux PME - Maroc</b>
I-6.2.4	<b>MOROCCO:</b>
	<b>Appui aux entreprises – Maroc</b> The third monitoring report (MR-10248.03) indicates that the outputs produced under the component of the programme in support of SME are likely to be sustained as they have consolidated the structuring of organisations in charge of training and support services to SMEs: “ <i>Les actions effectuées auprès des PME ont de fortes chances d'être viables, puisqu'elles consolident progressivement la mise en place des structures pouvant assumer le suivi des formations et conseils proposés aux PME dans le cadre de leur modernisation.</i> ” (p. 2). The fourth monitoring report (MR-10248.04) indicates that, as far as SME beneficiaries are concerned, they had satisfactory access to services available under the “modernisation” and “FOMAN” components of the programme but that follow-up actions were needed at the end of the programme, including transfer of tools, communication and promotion actions on the programme's outputs etc. “ <i>Bénéficiaires PME: accès satisfaisant aux services des Volets Modernisation et FOMAN; à prévoir : 1) transfert de l'outil d'appui aux bénéficiaires intermédiaires (ANPME/RIMANE, CCG/banques, secteur consultation ; CT)</i> ”

	<p>;2) <i>stratégie et actions de communication pour continuation et élargissement des services. Les PME n'ont pas encore eu accès aux services des CT comme prévu.</i> » (p.2) and « <i>La stratégie de sortie doit être focalisée sur la promotion du nouveau réseau d'appui aux PME créé et de l'ensemble des acteurs mobilisés avec leur compétences et outils pour garantir (1) le transfert d'outils développés, testés avec témoignages à travers CT, AP, secteur de la consultation locale; [...] (3) la communication interne en réseau et stratégie de communication externe (partenaires nationaux et internationaux, bailleurs de fonds). PAE doit mener une action de communication forte dans sa phase finale. Le secteur privé (CGEM et AP) doit être mobilisé.</i> » (p.2)</p> <p><b>Capmezzanine – Maroc</b> not relevant (“institutions for business development services”).</p> <p><b>Appui aux Associations Professionnelles II – Maroc</b></p> <p>The first monitoring report specifies the type of support provided under this programme, namely (1) support to Professional organisations directly and (2) transversal actions in support to the associated networks as a whole : « <i>Deux types d'actions sont mises en oeuvre : 1 – des actions directes au profit des Associations professionnelles (AP) dont les projets ont été sélectionnés au travers de la procédure d'appel à propositions; 2 – des actions transversales au profit du tissu associatif : information, communication, formation, partenariats, création de réseaux au niveau national et international, etc.</i> » (p.1).</p> <p>The second monitoring report's BCS indicates that : « <i>Les résultats obtenus à l'heure actuelle ont déjà permis d'atteindre une large partie de l'objectif spécifique de renforcement des capacités opérationnelles des AP.</i> » and « <i>Comme le programme a été mis en place suite à la participation des AP et Fédérations Professionnelles à l'élaboration des propositions, <b>il paraît indéniable que les services répondent à une demande de leurs membres et leur assure un niveau de services accru.</b> Des impacts positifs sont particulièrement à attendre lors de la réalisation <b>d'études sectorielles.</b> A ce titre le programme a permis aux Associations et Fédérations Professionnelles d'être plus ambitieuse pour ce type d'activité d'études transversales. Les bonnes relations entre la CIG et les bénéficiaires renforcent la volonté d'implication de leurs adhérents dans un climat de mutuelle confiance.</i> »</p> <p>On the sustainability of the support, the same BCS indicates that : « <i>Le CGEM dispose de moyens suffisants pour entretenir les infrastructures et la logistique liées au PAAP une fois le programme arrivé à terme.</i> ».</p> <p>On the overall impact of the programme on APs and on their members (enterprises), the evaluation report is cautious and underlines unequal results and punctual impact: “<i>Il est trop tôt pour déceler l'impact réel global du PAAP II sur les Associations Professionnelles et de déterminer si les objectifs définis dans la Convention de Financement ont été atteints. <b>L'impact du PAAP II sur l'environnement de l'entreprise est encore limité mais il est à noter que les actions transversales ont généré des effets inégaux</b> constatés pendant les visites des évaluateurs aux AP et le travail produit par les AP a été amélioré ce qui a permis d'aider leurs membres à mettre en place des actions aboutissant à des résultats positifs immédiats. Par exemple, dans les Associations Professionnelles visitées, <b>on ne peut nier un impact ponctuel issu de certaines activités financées telles que la fréquentation des salons internationaux et nationaux, des études, l'organisation de séminaires/ateliers, des bulletins, la visibilité meilleure entre les AP et une partie de leurs membres et entre les AP et l'Administration</b> ». source: ACE International Consultants (for the European Commission), <i>Mission d'évaluation finale du Programme d'appui aux Associations Professionnelles au Maroc (PAAP II), Evaluation finale</i>, 2011, p.43).</i></p>
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On the sustainability of the support provided, the evaluation is rather negative : « *La grande majorité des Associations Professionnelles n'ont pas les ressources financières suffisantes pour dupliquer ou poursuivre les activités financées par le PAAP II. Comment alors parler de durabilité?* ». In terms of impact on the associations and on enterprises the intervention was intended to support indirectly (via the associations) the report is also cautious : « *Il est trop tôt pour déceler un impact réel du PAAP II sur les Associations Professionnelles et de déterminer si les objectifs définis dans la Convention de Financement ont été atteints. Cependant, dans les Associations Professionnelles visitées, on ne peut nier un impact ponctuel issu de certaines activités financées. Les indicateurs évoqués dans le Cadre Logique ne peuvent être vérifiés au moment de la Mission d'évaluation, surtout au niveau des entreprises membres de ces Associations Professionnelles.* » (source: ACE International Consultants (for the European Commission), *Mission d'évaluation finale du Programme d'appui aux Associations Professionnelles au Maroc (PAAP II)*, Evaluation finale, 2011, p.9).

For instance, whilst the programme supported the recruitment of AP staff, their salary could not be covered by other financial means, at the end of the programme, it was found : « *la personne recrutée et financée par le PAAP II ne pouvait pas rester à la fin du financement car l'AP ne pouvait pas continuer à lui payer son salaire par manque de moyens financiers. La plupart des AP n'ont pas les ressources financières nécessaires pour recruter. Cette action n'a qu'un effet temporaire et non permanent sur l'AP* » (source: ACE International Consultants (for the European Commission), *Mission d'évaluation finale du Programme d'appui aux Associations Professionnelles au Maroc (PAAP II)*, Evaluation finale, 2011, p.37).

**The report indicates that APs capacity to generate their own resources remains fragile and low. Considering this was one of the objectives of the intervention, this indicates the programme's poor performance.** (« *Un des effets les plus durables du PAAP II sera sa contribution à la capacité d'auto développement des AP, notamment le renforcement de leurs capacités à collecter des fonds par la vente de services. Mais cette capacité est encore élémentaire et fragile, nombre d'AP n'ayant pas encore les ressources humaines adéquates pour la développer. Les AP ne pourront poursuivre correctement leurs activités et assurer leur rôle auprès des entreprises que si elles peuvent générer suffisamment de ressources financières auprès de leurs membres. Pour cela elles devront proposer des services efficaces afin de motiver la participation et démontrer leur efficacité.* » (source: ACE International Consultants (for the European Commission), *Mission d'évaluation finale du Programme d'appui aux Associations Professionnelles au Maroc (PAAP II)*, Evaluation finale, 2011, p44).

**The report considers that the support provided was beneficial to APs which were already strong and that for others, it was equivalent to the sprinkling of funds, rather than a means to encourage institutional development:** « *Seules ont réellement profité des PAAP les organisations déjà structurées, capables de mettre à profit et intégrer un apport extérieur. Pour les autres, il s'est agi d'un saupoudrage à considérer comme une "subvention" intégrée dans un mécanisme d'appui étatique, mais pas comme un levier de développement, tel que conçu et souhaité à l'origine. L'impression est quasi unanime - et la majorité des gens rencontrés le pense - à considérer ces appuis financiers comme "bons à prendre", mais nullement comme des outils de développement.* » (source: ACE International Consultants (for the European Commission), *Mission d'évaluation finale du Programme d'appui aux Associations Professionnelles au Maroc (PAAP II)*, Evaluation finale, 2011, p47).

**Appui aux institutions financières de garantie aux PME – Maroc** not relevant

	("institutions for business development services").
<b>JC 6.3</b>	<b><i>Enterprises that benefited from Commission support have been upgraded and accessed new markets</i></b>
<b>Findings at JC level</b>	<p>Less impact on private sector base: initial underestimation of SME's and banks' cautiousness &amp; importance of communication activities (guarantee product, FOMAN funding, CTIs' services); restrictive/ill-adapted eligibility criteria (PAIGAM), but trickle-down effect expected.(MN803, 814, 807)</p> <p>Little evidence found of monitoring enterprises' access to new markets and technologies following Commission support. (MN810, 818)</p> <p>In some interventions, there is evidence that providing support to IOs removed project implementers' attention from the end beneficiaries, ie. enterprises. In some other interventions, a number of enterprises benefited from support from IOs but the impact of the support and sustainability, in terms of improvements in their performance, is unclear or it was too early to tell.</p>
<b>I-6.3.1</b>	Evidence exists of follow-up after cooperation meetings and agreements in terms of upgrading of enterprises (development of skills, know-how, managerial, market knowledge, etc.), and adequate targeting of key sectors
<b>I-6.3.2</b>	Number of business to business cooperation and promotion meetings which gave rise to increased trade exchanges and enhanced export prospects
<b>I-6.3.3</b>	Number of business to business cooperation and promotion meetings which gave rise to durable partnerships enhancing business opportunities and sustainable enterprise prospects
<b>I-6.3.4</b>	Monitoring reports demonstrate a systematic flow of know-how resulting from such activities
<b>I-6.3.1</b>	<p><b>MOROCCO:</b></p> <p><b>Appui aux entreprises – Maroc</b></p> <p>The second, third and fourth monitoring reports give evidence of the <b>number of enterprises which have benefited from support</b> under the programme's « modernisation/SME » component:</p> <p>« La « Modernisation » fonctionne actuellement d'une manière efficace : les 5 CT du volet « Qualité » ont été achevés (à l'exception du Centre CETIEV) et la majorité des contrats d'équipement technique ont été récemment endossés, suite au travail accéléré de la task-force. » (MR n°2, p.2)</p> <p>« Les actions du volet « Modernisation » renforcées par une présence très active de l'UGP, sont réalisées au travers d'interventions d'experts internationaux du Centre d'Expertise et de consultants locaux, sous forme de conseils ou de formations. <b>En 2005, 205 entreprises ont bénéficié des services proposés par le Centre d'Expertise (107 actions individuelles de conseil, 48 actions de conseil et de formation groupées destinées à des AP, ainsi que 50 diagnostics stratégiques).</b> » (MR n°3, p.2),</p> <p>« Les activités du volet « Modernisation » actuellement réalisées au travers des interventions d'experts internationaux, sous forme de conseils ou de formations, couvrent 60% des actions prévues dans le POA 2006 (demandes d'AT au profit de 74 entreprises), <b>totalisant 280 interventions auprès de 230 entreprises depuis le début du programme.</b> » (MR n°4, p.2).</p> <p>However at a more global level, the evaluation of the programme found that : « Le</p>

	<p><i>volet 2 - modernisation des PME, s'il a bien réussi à fournir de nombreuses missions d'expertise en mobilisant la consultance marocaine et internationale, n'a pas vraiment joué un rôle de prescripteur des autres composantes malgré un effort de communication important mais réalisé à son seul bénéfice</i> » (ADE (for the European Commission), <i>Evaluation finale ex-post du Programme d'Appui aux Entreprises – Maroc</i>, p.12, 2010).</p>
	<p>Capmezzanine – Maroc not relevant.</p>
	<p><b>Appui aux Associations Professionnelles II – Maroc</b></p> <p>Additionally, the evaluation is cautious on the impact of the support provided to associations on enterprises (which the intervention was intended to support indirectly) : « <i>Il est trop tôt pour déceler un impact réel du PAAP II sur les Associations Professionnelles et de déterminer si les objectifs définis dans la Convention de Financement ont été atteints. Cependant, dans les Associations Professionnelles visitées, on ne peut nier un impact ponctuel issu de certaines activités financées. Les indicateurs évoqués dans le Cadre Logique ne peuvent être vérifiés au moment de la Mission d'évaluation, surtout au niveau des entreprises membres de ces Associations Professionnelles.</i> » (source: ACE International Consultants (for the European Commission), <i>Mission d'évaluation finale du Programme d'appui aux Associations Professionnelles au Maroc (PAAP II)</i>, <i>Evaluation finale</i>, 2011, p.9). Indeed, on the last point, the evaluation report indicates that <b>certain indicators, notably those on the impact of the support to APs on enterprises, would require substantial time to be measured</b> : « <i>Produits en provenance des services facturés ; Autonomie financière des AP (cotisations des adhérents et recettes des services) ; Nombre d'adhérents nouveaux gagnés aux plans d'action des AP et aux services développés ; Nombre d'adhérents nouveaux gagnés grâce aux plans d'action des AP et aux services développés ; Conventions de partenariats passées entre les AP marocaines et leurs homologues européennes ; Diminution des secteurs économiques et des régions non encore couverts par les AP ; Augmentation de la participation des PME à la mise à niveau ; Degrés d'autonomie financière des AP atteinte grâce aux services mise en place. Nombre et qualité des partenariats établis</i> » (source: ACE International Consultants (for the European Commission), <i>Mission d'évaluation finale du Programme d'appui aux Associations Professionnelles au Maroc (PAAP II)</i>, <i>Evaluation finale</i>, 2011, p.35).</p>
	<p><b>Appui aux institutions financières de garantie aux PME – Maroc</b></p> <p>The evaluation gives evidence of <b>inadequate targeting of enterprises</b> : « <i>La Mission a constaté que l'environnement marocain des affaires au lancement du programme ne présentait pas les conditions nécessaires à la réussite du programme, notamment en ce qui concerne les services d'appui et les ressources d'accompagnement aux PME. Les entreprises du secteur privé sont pour la plupart des entreprises de type familial et ne disposent pas encore suffisamment de compétences professionnelles en gestion. Il semble aussi que les hypothèses de travail sur lesquelles le programme a été bâti étaient trop ambitieuses.</i> » (source : ACE Consultants (for the European Commission), <i>Mission d'évaluation finale du programme d'appui aux institutions de garantie marocaines. Pays bénéficiaire : Maroc</i>, 2010).</p> <p>It also found that whilst the intervention <b>did</b> support the Moroccan guarantee institutions, <b>it didn't sufficiently focus on the end beneficiaries, namely the enterprises whose investment projects the guarantee scheme was intended to support</b> : « <i>Le PAIGAM s'est concentré sur l'aide aux deux caisses de garantie, tandis que l'appui aux entreprises en matière de facilitation du financement a été quasiment inexistant, malgré l'identification des entreprises comme les bénéficiaires finaux dans l'un des documents des Termes de référence du programme.</i> » (source : ACE Consultants</p>



	(for the European Commission), <i>Mission d'évaluation finale du programme d'appui aux institutions de garantie marocaines. Pays bénéficiaire : Maroc</i> , 2010, p. 5).
I-6.3.2	<b>MOROCCO</b>
	<b>Appui aux entreprises – Maroc .</b>
	<b>Capmezzanine – Maroc not relevant</b>
	<b>Appui aux Associations Professionnelles II – Maroc</b>
	<b>Appui aux institutions financières de garantie aux PME – Maroc not relevant</b>
I-6.3.3	<b>MOROCCO</b>
	<b>Appui aux entreprises – Maroc</b>
	<b>Capmezzanine – Maroc not relevant</b>
	<b>Appui aux Associations Professionnelles II - Maroc</b>
	<b>Appui aux institutions financières de garantie aux PME - Maroc not relevant</b>
I-6.3.4	<b>MOROCCO:</b>
	<b>Appui aux entreprises – Maroc</b> The evaluation of the programme found that the figures in the number of consultancy services provided to enterprises under the sub-component « Conseil aux entreprises» du PAE” indicate that <b>expected quantitative results were largely met</b> . Consultancy services provided included “certification–norms; stratégie-Financement; “Organisation-SI; Processus de Production et Logistique” and so on. <b>The evaluation also found that beneficiaries were overall satisfied with the assistance received, notably on account of the quality of the consultants</b> “ <i>Les entreprises visitées lors de la mission d'évaluation – plus d'une trentaine – expriment très majoritairement leur satisfaction générale quant à l'assistance reçue, aussi bien dans le cadre du volet « Modernisation » que dans celui du « FOMAN Soft ». La qualité des consultants qui sont intervenus au sein des entreprises a été largement appréciée, en particulier pour les interventions de certification ISO et normes qui représentent une part importante des projets (36% selon les chiffres de l'ANPME). Même si l'échantillon d'entreprises visitées n'a pas été choisi en vue d'être représentatif de l'ensemble du programme, il n'est pas irréal de considérer que le PAE a été en mesure de fournir des interventions de qualité.</i> » (ADE (for the European Commission), <i>Evaluation finale ex-post du Programme d'Appui aux Entreprises – Maroc</i> , 2010, p.29). There is at this stage however <b>no indication on the extent to which the flow of know-how from consultants to enterprises will be/has been sustainable</b> .
	<b>Capmezzanine – Maroc not relevant</b>
	<b>Appui aux Associations Professionnelles II – Maroc</b>
	<b>Appui aux institutions financières de garantie aux PME - Maroc not relevant</b>
<b>JC 6.4</b>	<b><i>Enterprises that benefited from Commission support have increased their access to technology</i></b>
<b>Findings at JC level</b>	Access to technology was not the focus/an important component of the Commission's support to PSD in Morocco, based on the evidence collected so far.
<b>I-6.4.1</b>	Monitoring reports show that new technology, including European technology, has

	been mobilised by enterprises in Partner Countries
I-6.4.2	Stakeholders interviews indicate that such technology transfers has heightened their competitiveness
I-6.4.3	Monitoring reports indicate that the volume of technology transfers has been important for enterprises and relevant target sectors
I-6.4.1	<p><b>MOROCCO:</b></p> <p><b>Appui aux entreprises – Maroc</b> Under the component “enterprises modernisation” of the programme, the set-up of so-called « Euro-Info Correspondance Centre » was planned. They were intended to facilitate exchanges between Moroccan and European enterprises: « <i>Mise en place d'une cellule EICC « Euro-Info Correspondance Centre ». Cet EICC constituera le correspondant marocain du réseau européen de quelques 260 EIC « Euro-Info Centres » et aura pour objectif de collecter, rendre accessible et diffuser aux entreprises toute l'information industrielle, technologique et commerciale nécessaire en vue de faciliter les échanges commerciaux vers l'UE. Les besoins en informations spécifiques sur les marchés intérieurs, régionaux et internationaux seront également pris en considération.</i> » (p.8).</p> <p>The fourth monitoring report (MR-10248.04) indicates that the EICC was never set-up and that this impeded Moroccan enterprises' access to the European market « <i>La non réalisation du EIC (Euro Info Center) rend absent un autre outil pour faciliter l'ouverture vers l'Europe.</i> » (p.1).</p> <p><b>Capmezzanine – Maroc</b> Not relevant.</p> <p><b>Appui aux Associations Professionnelles II – Maroc</b></p> <p>The BCS of the second monitoring report indicates that a highly-performing information management system was set up under this programme. Its purpose was to follow the progression of the programme, however the BCS indicates that partners who used it would be able to apply new skills to other ends (than monitoring the progress of the programme): “<i>Un des point remarquables de ce programme réside dans la mise en place d'un système de gestion de l'information très performant et basé sur des outils informatiques modernes reposant sur un site Internet et des bases de données pertinentes. Ce système donne des informations en ligne et mises à jour au quotidien sur l'état d'avancement du programme. Le programme veille à la formation des ressources locales afin de gérer de manière autonome le système mis en place. Ces ressources locales au sein des différents partenaires qui pourront mettre en application leurs connaissances acquises même postérieurement au programme.</i> ».</p> <p>Additionally, the report indicates that IT equipment was provided to APs and that such activities were fully achieved, not giving further indication however on changes in practices or improvements, this had induced on APs service-provision to enterprises : « <i>Le taux de réalisation est un peu différent d'un équipement à l'autre mais demeure très élevé. Le résultat est satisfaisant pour cette action</i> » (source: ACE International Consultants (for the European Commission), <i>Mission d'évaluation finale du Programme d'appui aux Associations Professionnelles au Maroc (PAAP II), Evaluation finale</i>, 2011, p.38).</p> <p><b>Appui aux institutions financières de garantie aux PME – Maroc</b> Not relevant.</p>
I-6.4.2	<b>MOROCCO</b>

	<b>Appui aux entreprises – Maroc. See I-6.4.1</b>
	<b>Capmezzanine – Maroc</b> Not relevant
	<b>Appui aux Associations Professionnelles II – Maroc</b> See I-6.4.1
	<b>Appui aux institutions financières de garantie aux PME – Maroc</b> Not relevant.
<b>I-6.4.3</b>	<b>MOROCCO</b>
	<b>Appui aux entreprises – Maroc</b> see I-6.4.1
	<b>Capmezzanine – Maroc</b> Not relevant.
	<b>Appui aux Associations Professionnelles II – Maroc</b> See I-6.4.1
	<b>Appui aux institutions financières de garantie aux PME – Maroc</b> Not relevant.

EQ 7	To what extent did Commission support contribute to increased cross-border investment in partner countries' private sectors?
Other relevant information (not captured elsewhere)	Support to cross-border investment promotion and inter-enterprise cooperation less of a focus on EC PSD 2004-2010 portfolio in MOR: in BS and under PAE, support to Euro-Maroc Info Centre, though never implemented. (MN810, 817)  Regional context (e.g. animosity with Algeria) makes cross-border investment/trade more difficult than in other regions. (MN856)
JC 7.1	<i>The Commission's support was targeted on the basis of an analysis of the needs of enterprises</i>
Findings at JC level	Support to cross-border investment was not the focus/an important component of the Commission's support to PSD in Morocco. The CSP 2002-2007 does highlight constraints to foreign investment (rather than companies' needs) but it was the not the objective or focus of any of the four interventions selected. No additional documents on cross-border investment needs however business development environment reform, eg. Competition, will impact cross-border investment.
I-7.1.1	Enterprises needs analyses provided in regional/country surveys or through other means
I-7.1.2	Evidence in programming documentation on the Commission's knowledge of potential European sources of investment when organising investment promotion activities
I-7.1.3	Elements provided in programming documentation and/or by stakeholders showing that the Commission's support was based on these needs analyses and that the Commission had a prioritised approach in selecting groups of beneficiary enterprises
I-7.1.1	<p><b>MOROCCO:</b></p> <p>Rather than enterprises' needs analyses, the CSP 2002-2007 specifies the following <b>constraints to foreign investment</b>: "<i>Des solutions aux contraintes importantes pour l'accroissement des investissements, tant étrangers comme nationaux sont aussi indispensables car:</i></p> <ul style="list-style-type: none"> <li>- <i>les procédures administratives sont particulièrement lourdes en matière de création de nouvelles entreprises ;</i></li> <li>- <i>l'accès au foncier est difficile, parfois très limité. Il s'agit d'un grand obstacle à l'investissement surtout dans le secteur agricole. L'absence de cadastre complique d'avantage le problème ;</i></li> <li>- <i>le manque de flexibilité dans le marché du travail (blocage de la réforme du code de travail) ;</i></li> <li>- <i>le manque de qualification de la main d'oeuvre.</i></li> </ul> <p><i>Une solution à ces contraintes ne ferait qu'encourager le flux d'investissements en augmentant en même temps la compétitivité et la croissance du pays. » (p.16).</i></p> <p><b>Appui aux entreprises – Maroc</b> not the focus of this intervention.</p> <p><b>Capmezzanine – Maroc</b> not the focus of this intervention.</p> <p><b>Appui aux Associations Professionnelles II - Maroc</b> not the focus of this intervention.</p>

	<b>Appui aux institutions financières de garantie aux PME - Maroc</b> not the focus of this intervention.
<b>I-7.1.2</b>	<b>MOROCCO</b> not relevant (“programming documentation”).
	<b>Appui aux entreprises – Maroc</b> Under the component “enterprises modernisation” of the programme, the set-up of so-called « <b>Euro-Info Correspondance Centre</b> » was planned. They were intended to facilitate exchanges between Moroccan and European enterprises: « <i>Mise en place d'une cellule EICC « Euro-Info Correspondance Centre ». Cet EICC constituera le correspondant marocain du réseau européen de quelques 260 EIC « Euro-Info Centres » et aura pour objectif de collecter, rendre accessible et diffuser aux entreprises toute l'information industrielle, technologique et commerciale nécessaire en vue de faciliter les échanges commerciaux vers l'UE. Les besoins en informations spécifiques sur les marchés intérieurs, régionaux et internationaux seront également pris en considération.</i> » (p.8).
	<b>Capmezzanine – Maroc</b> Not relevant (“organising investment promotion activities”).
	<b>Appui aux Associations Professionnelles II – Maroc</b> Not relevant (“organising investment promotion activities”).
	<b>Appui aux institutions financières de garantie aux PME – Maroc</b> Not relevant (“organising investment promotion activities”).
<b>I-7.1.3</b>	<b>MOROCCO</b>
	<b>Appui aux entreprises – Maroc</b> See <b>I-7.1.2</b>
	<b>Capmezzanine – Maroc</b> Foreign investment is not the focus of this intervention.
	<b>Appui aux Associations Professionnelles II – Maroc</b> Foreign investment is not the focus of this intervention.
	<b>Appui aux institutions financières de garantie aux PME – Maroc</b> Foreign investment is not the focus of this intervention.
<b>JC 7.2</b>	<i>The Commission has supported the development of investment-related intermediary organisations, and these IOs have effectively engaged in investment promotion</i>
<b>Findings at JC level</b>	The only relevant form of support to investment-related intermediary organisations was the support to a « Euro-Info Correspondance Centre » planned under the “Appui aux entreprises” intervention. It was not set up in the end however (based on the evidence collected so far).
<b>I-7.2.1</b>	Number of Investment Promotion Agencies (IPAs) and other investment intermediaries supported
<b>I-7.2.2</b>	Monitoring reports contain evidence of improvements in the performance of IOs in the supply of investment support
<b>I-7.2.3</b>	Number of investment promotion events that gave rise to actual additional investment
<b>I-7.2.1</b>	<b>MOROCCO:</b>
	<b>Appui aux entreprises – Maroc</b> Under the component “enterprises modernisation” of the programme, the set-up

	<p>of so-called « Euro-Info Correspondance Centre » was planned. They were intended to facilitate exchanges between Moroccan and European enterprises: « Mise en place d'une cellule EICC « Euro-Info Correspondance Centre ». Cet EICC constituera le correspondant marocain du réseau européen de quelques 260 EIC « Euro-Info Centres » et aura pour objectif de collecter, rendre accessible et diffuser aux entreprises toute l'information industrielle, technologique et commerciale nécessaire en vue de faciliter les échanges commerciaux vers l'UE. Les besoins en informations spécifiques sur les marchés intérieurs, régionaux et internationaux seront également pris en considération. » (p.8).</p> <p>The fourth monitoring report (MR-10248.04) indicates that the EICC was never set-up and that this impeded Moroccan enterprises' access to the European market « La non réalisation du EIC (Euro Info Center) rend absent un autre outil pour faciliter l'ouverture vers l'Europe. » (p.1).</p> <p><b>Capmezzanine – Maroc</b> not relevant. Foreign investment is not the focus of this intervention.</p> <p><b>Appui aux Associations Professionnelles II – Maroc</b> not relevant. Foreign investment is not the focus of this intervention.</p> <p><b>Appui aux institutions financières de garantie aux PME - Maroc</b> not relevant. Foreign investment is not the focus of this intervention.</p>
<b>I-7.2.2</b>	<p><b>MOROCCO</b></p> <p><b>Appui aux entreprises – Maroc</b> not relevant. Foreign investment is not the focus of this intervention.</p> <p><b>Capmezzanine – Maroc</b> not relevant. Foreign investment is not the focus of this intervention.</p> <p><b>Appui aux Associations Professionnelles II - Maroc</b> not relevant. Foreign investment is not the focus of this intervention.</p> <p><b>Appui aux institutions financières de garantie aux PME – Maroc</b> not relevant. Foreign investment is not the focus of this intervention.</p>
<b>I-7.2.3</b>	<p><b>MOROCCO</b></p> <p><b>Appui aux entreprises - Maroc</b> not relevant. Foreign investment is not the focus of this intervention.</p> <p><b>Capmezzanine – Maroc</b> not relevant. Foreign investment is not the focus of this intervention.</p> <p><b>Appui aux Associations Professionnelles II – Maroc</b> Not relevant. Foreign investment is not the focus of this intervention.</p> <p><b>Appui aux institutions financières de garantie aux PME – Maroc</b> not relevant. Foreign investment is not the focus of this intervention.</p>
<b>JC 7.3</b>	<b><i>The Commission has supported investment related business to business meetings &amp; investment promotion events, and these have had identifiable results</i></b>
<b>Findings at JC level</b>	So far there is no evidence of Commission support to investment related business to business meetings & investment promotion events.

I-7.3.1	Number of investment promotion meetings & events organised
I-7.3.2	Monitoring reports contain evidence of investment mobilisation resulting from such events, and stakeholders confirm such results
I-7.3.3	Commission follow-up steps have been taken to enhance the results of investment promotion activities
I-7.3.4	Also see answers to indicators I-6.3.2 and I-6.3.3 above
I-7.3.1	<b>MOROCCO:</b>
	<b>Appui aux entreprises – Maroc</b> not relevant. Not the focus of this intervention.
	<b>Capmezzanine – Maroc</b> not relevant. Not the focus of this intervention.
	<b>Appui aux Associations Professionnelles II - Maroc</b> not relevant. Not the focus of this intervention.
	<b>Appui aux institutions financières de garantie aux PME - Maroc</b> not relevant. Not the focus of this intervention.
I-7.3.2	<b>MOROCCO</b>
	<b>Appui aux entreprises - Maroc</b> not relevant. Not the focus of this intervention.
	<b>Capmezzanine - Maroc</b> not relevant. Not the focus of this intervention.
	<b>Appui aux Associations Professionnelles II - Maroc</b> not relevant. Not the focus of this intervention.
	<b>Appui aux institutions financières de garantie aux PME - Maroc</b> not relevant. Not the focus of this intervention.
I-7.3.3	<b>MOROCCO</b>
	<b>Appui aux entreprises - Maroc</b> not relevant. Not the focus of this intervention.
	<b>Capmezzanine - Maroc</b> not relevant. Not the focus of this intervention.
	<b>Appui aux Associations Professionnelles II - Maroc</b> not relevant. Not the focus of this intervention.
	<b>Appui aux institutions financières de garantie aux PME - Maroc</b> not relevant. Not the focus of this intervention.
I-7.3.4	<b>MOROCCO</b>
	<b>Appui aux entreprises - Maroc</b> not relevant. Not the focus of this intervention.
	<b>Capmezzanine - Maroc</b> not relevant. Not the focus of this intervention.
	<b>Appui aux Associations Professionnelles II - Maroc</b> not relevant. Not the focus of this intervention.
	<b>Appui aux institutions financières de garantie aux PME - Maroc</b> not relevant. Not the focus of this intervention.
<b>JC 7.4</b>	<b><i>Commission support has encouraged FDI</i></b>
<b>Findings at JC level</b>	There is no evidence so far that the Commission's support has encouraged FDI.

I-7.4.1	Reports exist that document the mobilisation of investment flows as a result of Commission support
I-7.4.2	In the absence of actual financial investment, the Commissions reports demonstrate that potential has been created for later investment resulting from business partnerships
I-7.4.1	<b>MOROCCO:</b>
	<b>Appui aux entreprises – Maroc</b>
	<b>Capmezzanine – Maroc</b>
	<b>Appui aux Associations Professionnelles II - Maroc</b>
	<b>Appui aux institutions financières de garantie aux PME - Maroc</b>
I-7.4.2	<b>MOROCCO</b>
	<b>Appui aux entreprises - Maroc</b>
	<b>Capmezzanine - Maroc</b> An EIB document highlights the EIB's leverage effect on other potential non-Moroccan investors: « <i>la participation de la Banque au capital du Fonds permettrait également à la Société de Gestion de donner une dimension plus européenne au tour de table du Fonds et d'augmenter sensiblement les chances d'attirer d'autres investisseurs non-marocains.</i> » (source : BEI, <i>Proposition du Comité de Direction au Conseil d'Administration sur la prise de participation dans une société d'investissement – Opération sur capitaux à risques</i> , 12 juin 2007).
	<b>Appui aux Associations Professionnelles II - Maroc</b>
	<b>Appui aux institutions financières de garantie aux PME - Maroc</b>
<b>JC 7.5</b>	<b><i>SMEs were adequately targeted by comprehensive provision of investment related services</i></b>
<b>Findings at JC level</b>	Two out of the four selected interventions provided investment funding (rather than services). One of them only targeted SMEs (it is not yet clear for the other).
I-7.5.1	Regional and country surveys and studies indicate that SMEs were among the Commission's priorities
I-7.5.2	Intervention documentation evidences that SMEs have been duly targeted
I-7.5.3	Monitoring reports contain evidence of investment mobilisation benefiting SMEs
I-7.5.1	<b>MOROCCO:</b>
	<b>Appui aux entreprises – Maroc</b> not relevant (“provision of investment related services”).
	<b>Capmezzanine – Maroc</b>
	<b>Appui aux Associations Professionnelles II – Maroc</b> not relevant (“provision of investment related services”).
	<b>Appui aux institutions financières de garantie aux PME - Maroc</b>
I-7.5.2	<b>MOROCCO</b>



	<p><b>Appui aux entreprises – Maroc:</b> not relevant (“provision of investment related services”).</p>
	<p><b>Capmezzanine – Maroc</b></p>
	<p><b>Appui aux Associations Professionnelles II – Maroc</b> not relevant (“provision of investment related services”).</p>
	<p><b>Appui aux institutions financières de garantie aux PME – Maroc</b> SMEs were the target group (« <i>Les entreprises éligibles sont celles considérées habituellement comme des „Petites et Moyennes Entreprises“ (P .M.E.) selon les usances pratiquées par les banques et les institutions de garantie marocaines. En tout état de cause, leur bilan ne saurait être supérieur à 50 millions DH avant investissement</i> »). (source : <i>Financial Agreement</i>, p.7).</p>
I-7.5.3	<p><b>MOROCCO</b></p>
	<p><b>Appui aux entreprises – Maroc</b> not relevant (“provision of investment related services”).</p>
	<p><b>Capmezzanine – Maroc</b> In terms of results, the 2010 Management report of the Capmezzanine funds indicates that 63 investment opportunities were assessed in 2010 and that 3 were successful (source: CDG Capital Private Equity, <i>Rapport de Gestion 2010 Fonds Capmezzanine</i>, mars 2011, p. 4).</p>
	<p><b>Appui aux Associations Professionnelles II – Maroc</b> not relevant (“provision of investment related services”).</p>
	<p><b>Appui aux institutions financières de garantie aux PME – Maroc</b> The evaluation report indicates that enterprises did not benefit from additional loan or investment funding opportunities which the programme was supposed to develop : neither new financial products, nor improvements in loan conditions : « <i>Les entreprises, quant à elles, n’ont pas non pas non plus tiré parti des possibilités supplémentaires de crédit que le programme devait offrir : pas de produits financiers nouveaux (pourtant mentionnés comme un objectif dans les TdR), peu d’amélioration des conditions des prêts : réduction des coûts, réduction des garanties demandées etc.</i> » (source : ACE Consultants (for the European Commission), <i>Mission d’évaluation finale du programme d’appui aux institutions de garantie marocaines. Pays bénéficiaire: Maroc</i>, 2010, p. 7).</p>

EQ 8	To what extent has the Commission PSD support contributed to facilitate the generation of employment?
<b>Other relevant information (not captured elsewhere)</b>	In MOR, first and foremost consideration to mise à niveau; employment issues not prime objective, although shift in focus since Arab Spring (out of temporal scope).(MN855, 856)
<b>JC 8.1</b>	<i>The Commission monitors employment effects</i>
<b>Findings at JC level</b>	Lack of evidence of employment-related monitoring indicators for PSD interventions, partly due to M&E focus on ST effects of assistance. (MN810, 818)
<b>I-8.1.1</b>	Description of Commission practices in terms of monitoring of employment effects (e.g. specific indicators defined)
<b>I-8.1.2</b>	Evolution of employment figures included in beneficiary progress reports to Commission
<b>I-8.1.1</b>	<b>MOROCCO:</b>
	<b>Appui aux entreprises – Maroc</b> no evidence of employment monitoring so far.
	<b>Capmezzanine – Maroc</b> no evidence of employment monitoring so far.
	<b>Appui aux Associations Professionnelles II - Maroc</b> no evidence of employment monitoring so far.
<b>I-8.1.2</b>	<b>MOROCCO</b>
	<b>Appui aux entreprises - Maroc</b> no evidence of employment monitoring so far.
	<b>Capmezzanine - Maroc</b> no evidence of employment monitoring so far.
	<b>Appui aux Associations Professionnelles II - Maroc</b> no evidence of employment monitoring so far.
<b>JC 8.2</b>	<i>Generation of employment has been a concern of the Commission when providing PSD support</i>
<b>Findings at JC level</b>	In two out of the four selected interventions, there is evidence that employment generation has been a concern of the Commission. Little evidence that employment issues (labour standards, CSR) have been systematically mainstreamed into PSD support. Employment often treated separately or in relation to education, vocational curricula and training.
<b>I-8.2.1</b>	Commission strategy and programming documents explain how supported interventions will contribute to employment
<b>I-8.2.2</b>	Available reports explain how Commission support aimed at and did contribute to employment
<b>I-8.2.3</b>	Stakeholders consider that Commission interventions aimed at and did contribute to the generation of employment

I-8.2.1	<b>MOROCCO:</b>
	<b>Appui aux entreprises – Maroc</b> Employment creation was one of the measurements the performance of the “SME modernisation” component of this intervention: “ <i>Volet «Modernisation des PME - Conseil direct aux entreprises et formation</i> ” - à la fin du programme, environ 300 entreprises ont bénéficié d’au moins d’une intervention et parmi celles-ci au moins 50% ont complété avec succès leur mise à niveau. Plus précisément, dans le cadre des mises à niveau, <b>les indicateurs de succès au sein des entreprises</b> (en termes de diminution des coûts de production, augmentation de la production, amélioration de la qualité, augmentation du chiffre d’affaires, des exportations, <b>d’emplois qualifiés créés, etc.) ont été atteints dans au moins 80% de cas;</b> - au moins 400 entreprises ont bénéficié d’une action de formation et 80% d’entre elles ont confirmé que la formation a été appropriée à leurs besoins ; - au moins 100 dossiers de demande crédit préparés avec l’assistance du programme. » (source : <i>Financial Agreement</i> ).
	<b>Capmezzanine – Maroc</b>
	<b>Appui aux Associations Professionnelles II – Maroc</b>
	<b>Appui aux institutions financières de garantie aux PME – Maroc</b> The financial agreement indicates that the investment projects which the financial guarantee scheme will support should optimise job creation, in particular women’s: « <i>Les projets d’investissement devront optimiser la création d’emploi, en particulier celui des femmes, en concordance avec les demandes du maintien de la compétitivité.</i> » (source : <i>Financial Agreement</i> , p. 8). Additionally, the <i>Project Synopsis</i> from the ROM reports indicates that the intervention’s overall objective is : « <i>Renforcer la compétitivité des entreprises privées au Maroc en facilitant leur accès au crédit d’investissement. L’accent mis par le projet sur les PME favorisera l’emploi</i> ». (source : <i>Project Synopsis</i> from the ROM reports)
I-8.2.2	<b>MOROCCO</b>
	<b>Appui aux entreprises – Maroc</b>
	<b>Capmezzanine – Maroc</b> Under FEMIP, (1) employment strongly mentioned in strategy and (2) evidence of consideration of labour standards in ‘Support FEMIP’ funding. (MN811, 815)
	<b>Appui aux Associations Professionnelles II – Maroc</b>
	<b>Appui aux institutions financières de garantie aux PME – Maroc</b>
I-8.2.3	<b>MOROCCO</b>
	<b>Appui aux entreprises - Maroc</b>
	<b>Capmezzanine - Maroc</b>
	<b>Appui aux Associations Professionnelles II - Maroc</b>
	<b>Appui aux institutions financières de garantie aux PME - Maroc</b>
<b>JC 8.3</b>	<b><i>Commission support to formalisation of MSMEs has contributed to increased employment opportunities</i></b>

<b>Findings at JC level</b>	Based on the evidence collected so far, the <b>formalisation</b> of MSMEs was not an element of the Commission's support to PSD in Morocco.
<b>I-8.3.1</b>	Evolution of employment figures within MSME sector in beneficiary countries during evaluation period
<b>I-8.3.2</b>	Number of MSMEs created in beneficiary countries during evaluation period
<b>I-8.3.1</b>	<b>MOROCCO:</b>
	<b>Appui aux entreprises – Maroc</b> not relevant – the formalisation of MSMEs is not targeted.
	<b>Capmezzanine – Maroc</b> not relevant – the formalisation of MSMEs is not targeted.
	<b>Appui aux Associations Professionnelles II – Maroc</b> not relevant – the formalisation of MSMEs is not targeted.
	<b>Appui aux institutions financières de garantie aux PME – Maroc</b> not relevant – the formalisation of MSMEs is not targeted.
<b>I-8.3.2</b>	<b>MOROCCO</b>
	<b>Appui aux entreprises – Maroc</b> not relevant – the formalisation of MSMEs is not targeted.
	<b>Capmezzanine – Maroc</b> not relevant – the formalisation of MSMEs is not targeted.
	<b>Appui aux Associations Professionnelles II – Maroc</b> not relevant – the formalisation of MSMEs is not targeted.
	<b>Appui aux institutions financières de garantie aux PME - Maroc</b> not relevant – the formalisation of MSMEs is not targeted.
<b>JC 8.4</b>	<i>Commission SBS has increased private sector employment opportunities in the sectors supported</i>
<b>Findings at JC level</b>	
<b>I-8.4.1</b>	Evolution of employment figures in the sectors supported by Commission SBS during evaluation period
<b>I-8.4.1</b>	<b>MOROCCO:</b>
	<b>Appui aux entreprises – Maroc</b> not relevant – not SBS.
	<b>Capmezzanine – Maroc</b> not relevant – not SBS.
	<b>Appui aux Associations Professionnelles II – Maroc</b> not relevant – not SBS.
	<b>Appui aux institutions financières de garantie aux PME - Maroc</b>
<b>JC 8.5</b>	<i>Commission support has contributed to the transition of entrepreneurs from the informal to the formal sector</i>
<b>Findings at JC level</b>	Based on the evidence collected so far, the <b>formalisation</b> of MSMEs was not an element of the Commission's support to PSD in Morocco.
<b>I-8.5.1</b>	Commission strategy and programming documents foresee support for the

	transition from the informal to the formal sector
<b>I-8.5.2</b>	Improvements in the transition from the informal to the formal sector
<b>I-8.5.1</b>	<p><b>MOROCCO:</b> Based on the evidence collected so far, the <b>formalisation</b> of MSMEs was not an element of the Commission's support to PSD in Morocco.</p> <p><b>Appui aux entreprises – Maroc</b> not relevant – the formalisation of MSMEs is not targeted.</p> <p><b>Capmezzanine – Maroc</b> not relevant – the formalisation of MSMEs is not targeted.</p> <p><b>Appui aux Associations Professionnelles II - Maroc</b> not relevant – the formalisation of MSMEs is not targeted.</p> <p><b>Appui aux institutions financières de garantie aux PME - Maroc</b> not relevant – the formalisation of MSMEs is not targeted.</p>
<b>I-8.5.2</b>	<p><b>MOROCCO</b> Based on the evidence collected so far, the <b>formalisation</b> of MSMEs was not an element of the Commission's support to PSD in Morocco.</p> <p><b>Appui aux entreprises - Maroc</b> not relevant – the formalisation of MSMEs is not targeted.</p> <p><b>Capmezzanine - Maroc</b> not relevant – the formalisation of MSMEs is not targeted.</p> <p><b>Appui aux Associations Professionnelles II - Maroc</b> not relevant – the formalisation of MSMEs is not targeted.</p> <p><b>Appui aux institutions financières de garantie aux PME - Maroc</b> not relevant – the formalisation of MSMEs is not targeted.</p>

<b>EQ 9</b>	<b>What was the Commission's added-value when providing support to PSD in third countries?</b>
<i>JC 9.1</i>	<i>The Commission PSD strategies were geared towards the provision of Commission-specific benefits, as compared to private sector initiatives, other financing modalities and support provided by other actors</i>
<b>Findings at JC level</b>	<ul style="list-style-type: none"> <li>▪ AV includes: <ul style="list-style-type: none"> <li>- Political importance of relation between EU and MAR (AA since 2000, 'Statut avancé' since 2008) and LT nature of partnership (MN801, 802, 818, 810, 817, 809, 805)</li> <li>- Pressure on reform acceleration (MN817, 818, 810)</li> <li>- EU expertise, transfer of best practices (MN817, 818, 810, 804)</li> <li>- Variety of instruments: BS, Taiex, twinning, project approach, blending of grants and loans (MN817, 818, 810, 804)</li> <li>- Intervention at all PSD levels - macro, meso and micro (MN817, 818, 810, 804)</li> <li>- In access to finance: FEMIP support has had mobilising effect, transfer of best international practices/requirements/training (through TA), (MN811, 815)</li> <li>- Financial weight not particularly mentioned</li> </ul> </li> </ul>
<b>I-9.1.1</b>	Commission documents that lay down the overall (not country specific) PSD strategy of the Commission require that the Commission PSD strategies and interventions are chosen on the basis of, among other things, the specific benefits the Commission can provide
<b>I-9.1.2</b>	CSPs/RSPs and programming documents highlight the specific value added of the Commission support
<b>I-9.1.3</b>	Stakeholders consider that the potential value added of the Commission support has been a key criterion for deciding on the nature of the support to be provided
<b>I-9.1.1</b>	<b>MOROCCO:</b> .
	<b>Appui aux entreprises – Maroc .</b>
	<b>Capmezzanine – Maroc .</b>
	<b>Appui aux Associations Professionnelles II - Maroc .</b>
	<b>Appui aux institutions financières de garantie aux PME - Maroc .</b>
<b>I-9.1.2</b>	<b>MOROCCO .</b>
	<b>Appui aux entreprises - Maroc .</b>
	<b>Capmezzanine – Maroc</b> EIB documents highlight the value added brought by the Capmezzanine project, namely : <ul style="list-style-type: none"> <li>▪ allowing the Fund to offer financial products which were scarcely available locally: <i>“Les fonds investis par la Banque seraient utilisés pour la mise à disposition de fonds propres en faveur des entreprises du secteur productif et permettrait au Fonds d’offrir des produits financiers qui ne sont encore que très peu disponibles localement. La présente opération constitue donc une opportunité pour la Banque de soutenir la mise en place d’un</i></li> </ul>

	<p><i>fonds dont le positionnement est original et offrant aux entreprises marocaines un produit innovant ».</i></p> <ul style="list-style-type: none"> <li>▪ The Technical Assistance to the company « Accès Capital Atlantique s.a » which managed the Fund was also a value added in terms of the training in the mezzanine instrument, « <i>bien qu'ayant déjà utilisé ce type d'instrument dans le passé, l'équipe de gestion devra professionnaliser son approche et sa gestion des financements mezzanines. Les consultants nommés dans le cadre de l'assistance technique devraient contribuer à parfaire l'expérience de l'équipe de gestion dans ce domaine... la présence de la Banque permettrait à la Société de Gestion de bénéficier de l'expertise de la Banque ainsi que celle d'experts recrutés par le biais de l'assistance technique.</i> <li>▪ The EIB's leverage effect on other potential non-Moroccan investors : « <i>la participation de la Banque au capital du Fonds permettrait également à la Société de Gestion de donner une dimension plus européenne au tour de table du Fonds et d'augmenter sensiblement les chances d'attirer d'autres investisseurs non-marocains.</i> »</li> </li></ul> <p>(source : BEI, <i>Proposition du Comité de Direction au Conseil d'Administration sur la prise de participation dans une société d'investissement – Opération sur capitaux à risques</i>, 12 juin 2007).</p>
	<b>Appui aux Associations Professionnelles II - Maroc .</b>
	<b>Appui aux institutions financières de garantie aux PME - Maroc .</b>
<b>I-9.1.3</b>	<b>MOROCCO .</b>
	<b>Appui aux entreprises – Maroc</b>
	There is evidence of the contrary. The evaluation of the programme reports that EU MS involved in PSD were not consulted on the intervention: « <i>Il n'y a toutefois pas eu d'efforts concertés de la part des Etats Membres et de la Commission Européenne pour optimiser les synergies et éviter les doubles emplois. Les différents projets financés par la CE ont développées différentes formes de coopération (par exemple entre le PAE et le PAAP) sans pour autant faire de lien avec d'autres initiatives des Etats Membres</i> ». ADE (for the European Commission), <i>Evaluation finale ex-post du Programme d'Appui aux Entreprises – Maroc</i> , 2010, p.54).
	<b>Capmezzanine - Maroc .</b>
	<b>Appui aux Associations Professionnelles II - Maroc .</b>
	<b>Appui aux institutions financières de garantie aux PME - Maroc .</b>
<b>JC 9.2</b>	<b><i>The beneficiaries of Commission PSD support were not in a position to provide or to provide as swiftly and with the same results the support that was provided by the Commission</i></b>
<b>Findings at JC level</b>	Insufficient leverage of full EU AV?: development assistance (1% of MOR budget) is but one lever (MN810, 817), further combining with other levers, such as access to EU market, access to R&D and DG ENTR funding programmes to which MOR has been eligible to. Difficulty in mobilising other sides of EC institution.
<b>I-9.2.1</b>	Evidence provided in strategy, programming documents and reports that show that beneficiaries at macro, meso- and micro level were not in a position to provide the support
<b>I-9.2.2</b>	Stakeholders consider that beneficiaries at macro, meso- and micro level were not in a position to provide the support

I-9.2.1	<b>MOROCCO: .</b>
	<b>Appui aux entreprises – Maroc</b> The evaluation found that the beneficiaries would not have been able to benefit from the consultancy services funded under the « Modernisation des PME» component of the programme, outside the programme: <i>«Le financement des interventions par le PAE a ouvert la voie de la consultance à de nombreuses entreprises qui n'auraient pas pu se payer ces interventions sans cet apport financier. Parallèlement, le programme a offert aux bureaux de consultants marocains un accès plus aisé aux PME souvent hésitantes ou réticentes à recourir à la consultance, tant par manque de moyens financiers que par manque d'expérience quant à l'utilisation de consultants extérieurs.»</i> (ADE (for the European Commission), <i>Evaluation finale ex-post du Programme d'Appui aux Entreprises – Maroc</i> , p.11, 2010)
	<b>Capmezzanine – Maroc .</b>
	<b>Appui aux Associations Professionnelles II – Maroc .</b>
	<b>Appui aux institutions financières de garantie aux PME – Maroc .</b>
I-9.2.2	<b>MOROCCO</b>
	<b>Appui aux entreprises – Maroc</b>
	<b>Capmezzanine - Maroc</b>
	<b>Appui aux Associations Professionnelles II - Maroc .</b>
	<b>Appui aux institutions financières de garantie aux PME - Maroc</b>
<b>JC 9.3</b>	<b><i>The Commission's grant support had specific benefits</i></b>
<b>Findings at JC level</b>	
<b>I-9.3.1</b>	Areas of PSD support selected by the Commission are generally not considered as fit for loan funding or for other financing modalities
<b>I-9.3.2</b>	Evidence provided in evaluation/ monitoring reports on the value added of the Commission through blending grant funding with other modes and sources of funding
<b>I-9.3.3</b>	Stakeholders consider that the Commission had value added through blending grant funding with other modes and sources of funding
<b>I-9.3.4</b>	Elements provided in strategy, programming documents, and reports that show other specific benefits of grant funding for the interventions
<b>I-9.3.5</b>	Stakeholders are able to show other specific benefits of the grant funding for the PSD support provided
I-9.3.1	<b>MOROCCO:</b>
	<b>Appui aux entreprises – Maroc</b>
	<b>Capmezzanine – Maroc</b>
	<b>Appui aux Associations Professionnelles II - Maroc</b>



	Appui aux institutions financières de garantie aux PME - Maroc
I-9.3.2	MOROCCO
	Appui aux entreprises - Maroc
	Capmezzanine - Maroc
	Appui aux Associations Professionnelles II - Maroc
	Appui aux institutions financières de garantie aux PME - Maroc
I-9.3.3	MOROCCO
	Appui aux entreprises - Maroc
	Capmezzanine - Maroc
	Appui aux Associations Professionnelles II - Maroc
	Appui aux institutions financières de garantie aux PME - Maroc
I-9.3.4	MOROCCO:
	Appui aux entreprises – Maroc
	Capmezzanine – Maroc
	Appui aux Associations Professionnelles II - Maroc
	Appui aux institutions financières de garantie aux PME - Maroc
I-9.3.5	MOROCCO
	Appui aux entreprises - Maroc
	Capmezzanine - Maroc
	Appui aux Associations Professionnelles II - Maroc
	Appui aux institutions financières de garantie aux PME - Maroc
<b>JC 9.4</b>	<i>The Commission had a specific value added compared to the support provided by other public actors, in particular but not only EU MS</i>
<b>Findings at JC level</b>	One or two added-values were reported but based on the evidence collected so far, it seems that added-value was not specifically highlighted in reporting on results.
<b>I-9.4.1</b>	Documents show and stakeholders consider that the Commission's support at country and/or intervention level was of significant financial weight compared to the support provided by other actors
<b>I-9.4.2</b>	Documents show and stakeholders consider that the Commission provided a technical expertise that could not be provided by other actors (to the extent possible to be broken down by area of intervention)
<b>I-9.4.3</b>	Documents show and stakeholders consider that the Commission infused EU best practice and standards through its support
<b>I-9.4.4</b>	Documents show and stakeholders consider that the Commission's procedures offered advantages compared to those of other actors
<b>I-9.4.5</b>	Documents show and stakeholders consider that the fact that the support was provided by the Commission as representing the EU offered specific advantages

I-9.4.6	Documents show and stakeholders consider provide examples of other types of VA
I-9.4.1	<b>MOROCCO:</b>
	Appui aux entreprises – Maroc
	Capmezzanine – Maroc
	Appui aux Associations Professionnelles II - Maroc
	Appui aux institutions financières de garantie aux PME - Maroc
I-9.4.2	<b>MOROCCO</b>
	Appui aux entreprises - Maroc
	Capmezzanine - Maroc
	Appui aux Associations Professionnelles II - Maroc
	Appui aux institutions financières de garantie aux PME - Maroc
I-9.4.3	<b>MOROCCO</b>
	Appui aux entreprises - Maroc
	Capmezzanine - Maroc
	Appui aux Associations Professionnelles II - Maroc
	Appui aux institutions financières de garantie aux PME - Maroc
I-9.4.4	<b>MOROCCO:</b>
	Appui aux entreprises – Maroc
	Capmezzanine – Maroc
	Appui aux Associations Professionnelles II - Maroc
	Appui aux institutions financières de garantie aux PME - Maroc
I-9.4.5	<b>MOROCCO</b>
	Appui aux entreprises - Maroc
	Capmezzanine - Maroc
	Appui aux Associations Professionnelles II - Maroc
	Appui aux institutions financières de garantie aux PME - Maroc
I-9.4.6	<b>MOROCCO</b>
	<p>The fact that the Commission has developed an integrated understanding to the problem of the lack of SMEs' access to finance as well as an integrated approach to addressing this issue, which looks at the whole business environment, rather than simply providing credit lines directly to enterprises, as other donors have done, was reported (MN601). See EQ5 for additional information.</p> <p>This was <i>not</i> highlighted by the interviewee as a value added as such but can be considered as one.</p>
	Appui aux entreprises - Maroc

	<b>Capmezzanine - Maroc</b>
	<b>Appui aux Associations Professionnelles II - Maroc</b>
	<b>Appui aux institutions financières de garantie aux PME – Maroc</b> The evaluation report highlights the following added-value : « <i>Le PAIGAM a joué un rôle important dans la promotion du concept de garantie financière pour les crédits aux PME et pour son acceptation par les banques, même si son utilisation reste à développer.</i> » (source : ACE Consultants (for the European Commission), <i>Mission d'évaluation finale du programme d'appui aux institutions de garantie marocaines. Pays bénéficiaire: Maroc, 2010, p. 10</i> ).

<b>EQ 10</b>	<b>To what extent were the Commission's organisational set-up and management practices fit to a successful implementation of its PSD support?</b>
<b>JC 10.1</b>	<b><i>The devolution facilitated the implementation of the Commission PSD support</i></b>
<b>Findings at JC level</b>	Information on the effects of devolution is limited so far. There is some evidence that some choices (of the instrument and aid modality), made at EUD level are not discussed at HQ level. This has to be further checked. Evidence of devolution to EUDs having positive effects, e.g., improved contacts in the field and policy dialogue.(MN810, 818)
<b>I-10.1.1</b>	Stakeholders provide evidence that the devolution to delegations contributed to facilitating to the implementation of PSD support (e.g. better knowledge of local needs/priorities, better interaction with local stakeholders, notably of the private sector, etc.)
<b>I-10.1.2</b>	Stakeholders do not consider that there were major drawbacks of the devolution to delegations in terms of PSD support (e.g. less direct linkages with the European private sector, less coherence in the approach, etc.)
<b>I-10.1.3</b>	Stakeholders, such as major private sector operators in countries, are of the view that the EU Delegations make efforts to understand the private sector fabric and its constraints
<b>I-10.1.1</b>	<b>MOROCCO: no</b>
	<b>Appui aux entreprises – Maroc</b>
	<b>Capmezzanine – Maroc</b>
	<b>Appui aux Associations Professionnelles II – Maroc</b>
	<b>Appui aux institutions financières de garantie aux PME – Maroc</b>
<b>I-10.1.2</b>	<b>MOROCCO</b> One Commission staff at HQ mentioned that units at HQ were not involved in the choice of the aid modality or instrument: “ <i>When we (at HQ) receive the identification fiche, the identification has been done at EUD level and the choice of instrument has already been made. My unit is not consulted on the choice of the aid modality.</i> ” (MN601). This can be highlighted considering that the choice to provide budget support has not always been rational but has in some cases followed political reasons, it was explained (MN601).
	<b>Appui aux entreprises – Maroc</b>
	<b>Capmezzanine – Maroc</b>
	<b>Appui aux Associations Professionnelles II – Maroc</b>
	<b>Appui aux institutions financières de garantie aux PME – Maroc</b>
<b>I-10.1.3</b>	<b>MOROCCO</b>
	<b>Appui aux entreprises – Maroc</b>
	<b>Capmezzanine - Maroc</b>
	<b>Appui aux Associations Professionnelles II – Maroc</b>

	<b>Appui aux institutions financières de garantie aux PME - Maroc</b>
<b>JC 10.2</b>	<i>The division of responsibilities between different DGs did not hamper an optimal implementation of the Commission's PSD support in the different countries'/regions concerned</i>
<b>Findings at JC level</b>	
<b>I-10.2.1</b>	The Commission had formal mechanisms to ensure collaboration between its different DGs involved with PSD related matters, including in terms of transfer of knowledge on PSD support within and outside the EU
<b>I-10.2.2</b>	Stakeholders consider that Commission support in third countries has benefited from general PSD knowledge and networks present within the Commission
<b>I-10.2.1</b>	<b>MOROCCO:</b>
	<b>Appui aux entreprises – Maroc .</b>
	<b>Capmezzanine – Maroc</b>
	<b>Appui aux Associations Professionnelles II - Maroc</b>
	<b>Appui aux institutions financières de garantie aux PME - Maroc</b>
<b>I-10.2.2</b>	<b>MOROCCO</b>
	<b>Appui aux entreprises - Maroc</b>
	<b>Capmezzanine - Maroc</b>
	<b>Appui aux Associations Professionnelles II - Maroc</b>
	<b>Appui aux institutions financières de garantie aux PME - Maroc</b>
<b>JC 10.3</b>	<i>The Commissions' HR policy was conducive to an optimal design and implementation of its PSD support</i>
<b>Findings at JC level</b>	on the Commission's HR policy in the field of PSD.
<b>I-10.3.1</b>	Existence of a specific HR policy for the management of Commission support to PSD in third countries
<b>I-10.3.2</b>	Existence of sufficient dedicated staff specialised in PSD matters both at HQ and Delegation level
<b>I-10.3.3</b>	Existence of specialised PSD trainings for staff in charge of PSD matters
<b>I-10.3.4</b>	Staff in charge of the Commission's PSD support is conversant with PSD constraints, and are well aware of the strategy and guidance documents, as well as of specific tools developed by the Commission for implementation
<b>I-10.3.5</b>	Stakeholders consider that Commission HR policy was a strength/weakness of PSD support
<b>I-10.3.1</b>	<b>MOROCCO:</b>
	<b>Appui aux entreprises – Maroc</b>
	<b>Capmezzanine – Maroc</b>

	Appui aux Associations Professionnelles II - Maroc .
	Appui aux institutions financières de garantie aux PME - Maroc
I-10.3.2	MOROCCO
	Appui aux entreprises - Maroc
	Capmezzanine - Maroc
	Appui aux Associations Professionnelles II - Maroc
	Appui aux institutions financières de garantie aux PME - Maroc
I-10.3.3	MOROCCO
	Appui aux entreprises - Maroc
	Capmezzanine - Maroc .
	Appui aux Associations Professionnelles II - Maroc
	Appui aux institutions financières de garantie aux PME - Maroc
I-10.3.4	MOROCCO:
	Appui aux entreprises – Maroc
	Capmezzanine – Maroc
	Appui aux Associations Professionnelles II – Maroc
	Appui aux institutions financières de garantie aux PME – Maroc
I-10.3.5	MOROCCO Level of PSD expertise in relevant EUDs : not technicians like WB and IFC.
	Appui aux entreprises – Maroc
	Capmezzanine - Maroc
	Appui aux Associations Professionnelles II – Maroc
	Appui aux institutions financières de garantie aux PME – Maroc
<b>JC 10.4</b>	<i>The Commission developed and used specific tools and guidance to facilitate the design and implementation of its PSD support</i>
<b>Findings at JC level</b>	Heaviness of EC procedures – not fitted to responsiveness requirements of private sector?
<b>I-10.4.1</b>	Description of available tools and guidance for the Commission support to PSD
<b>I-10.4.2</b>	Knowledge and use of these tools and guidance by Commission staff in charge of support to PSD
<b>I-10.4.3</b>	Commission staff expressed the view that these tools and guidance were useful
<b>I-10.4.1</b>	<b>MOROCCO:</b> no evidence so far of tools and guidance.
	<b>Appui aux entreprises – Maroc</b> no evidence so far of tools and guidance.
	<b>Capmezzanine – Maroc</b> no evidence so far of tools and guidance.
	<b>Appui aux Associations Professionnelles II - Maroc</b> no evidence so far of tools and guidance.

	<b>Appui aux institutions financières de garantie aux PME - Maroc</b> no evidence so far of tools and guidance.
I-10.4.2	<b>MOROCCO</b> no evidence so far of tools and guidance.
	<b>Appui aux entreprises - Maroc</b> no evidence so far of tools and guidance.
	<b>Capmezzanine - Maroc</b> no evidence so far of tools and guidance.
	<b>Appui aux Associations Professionnelles II - Maroc</b> no evidence so far of tools and guidance.
	<b>Appui aux institutions financières de garantie aux PME - Maroc</b> no evidence so far of tools and guidance.
I-10.4.3	<b>MOROCCO</b> no evidence so far of tools and guidance.
	<b>Appui aux entreprises - Maroc</b> no evidence so far of tools and guidance.
	<b>Capmezzanine - Maroc</b> no evidence so far of tools and guidance.
	<b>Appui aux Associations Professionnelles II - Maroc</b> no evidence so far of tools and guidance.
	<b>Appui aux institutions financières de garantie aux PME - Maroc</b> no evidence so far of tools and guidance.
<b>JC 10.5</b>	<b><i>The Commission monitored/evaluated its support to PSD and used and disseminated the results</i></b>
<b>Findings at JC level</b>	The importance of monitoring PSD support is recognised and programming documents indicate that indicators will be set and monitored. However the evidence so far suggests that their relevance, quality and follow-up has been mixed.
<b>I-10.5.1</b>	The Commission developed specific systems and sets of indicators to monitor and evaluate its support to PSD both at HQ and country level
<b>I-10.5.2</b>	The above mentioned monitor/evaluation systems were operational
<b>I-10.5.3</b>	The results of the monitoring and evaluations were disseminated and used to redirect strategies and programming
<b>I-10.5.4</b>	Stakeholders consider that monitoring and evaluation systems were useful to improve design and implementation of the PSD support
I-10.5.1	<b>MOROCCO:</b>
	<b>Appui aux entreprises – Maroc:</b> The financial agreement indicates that conditionalities were attached to the programme and financial transfers would be made pending their fulfilment, « <i>Le programme transférera sa contribution après vérification que les conditionnalités identifiées sous chapitre F («Dispositions particulières») soient rempli</i> » (p.3). It also states that performance indicators will be set and that evaluations of the programme were foreseen. « <i>Un suivi permanent interne sera effectué par les bénéficiaires sur base d'Indicateurs de performance fiables et mesurables qui seront fixés dans le POG et chaque POA. Les conclusions de ce suivi feront l'objet d'un chapitre particulier dans les rapports quadrimestriels. Le programme, sauf pour la contribution communautaire au FOMAN, fera l'objet d'une évaluation externe approfondie 12 mois après sa mise en œuvre, à mi-parcours et finale contractée par la Commission Européenne. Si jugé nécessaire par le Responsable National et /ou par la Commission Européenne, d'autres évaluations supplémentaires peuvent être effectuées à tout moment. En ce qui concerne l'ensemble</i>

	<p><i>du FOMAN, les autorités marocaines procéderont à une évaluation externe à mi-parcours et finale et informeront la Commission des résultats. En outre, la Commission procédera à une vérification du progrès vers la réalisation des objectifs. » (p.16).</i></p> <p><b>Capmezzanine – Maroc</b></p> <p>On the use by the Commission of specific systems and sets of indicators to monitor and evaluate this particular intervention, the Commission's Decision document mentions financial performance indicators and regular EIB reports: « <i>The EIB will regularly report to the Commission on implementation of projects (use of funds) and on outputs produced and results obtained through these projects. Performance indicators will include, for example, the performance of businesses financed through risk capital operations and the rate of return on these.</i> » ". (source: European Commission, <i>Complément à la Decision de la Commission Decision sur l'action 'Facilité de capital à risques'</i>, 2005).</p> <p>However an interviewee (MN603) mentioned that the monitoring (through the ROM approach) of Risk Capital Operations funded under the "Support to FEMIP" (not specific to "Capmezzanine"), dates from 2007 only, prior to which the Commission relied on the EIB's reports. Monitoring by the Commission of the TA of Risk Capital Operations was a recommendation of the Court of Auditors 2009 Special Report on Banking measures in the Mediterranean area. This being said, the interviewee considered that performance indicators remained too financially-oriented and that social performance indicators (on employment, women's conditions etc) were needed, despite the Commission's request to the EIB for those in the last few years. No further intervention-specific information.</p> <p><b>Appui aux Associations Professionnelles II – Maroc</b></p> <p>The Financial Agreement present possible performance indicators to monitor the programme's results (for example: <i>number of Professional Associations involved, increase in the financial results of member enterprises, number of subscribers to the new services developed by the Professional Associations</i>)" (p.24).</p> <p>The evaluation report indicates that <b>certain indicators in the logical framework were not objectively verifiable</b> (<i>Evolution du chiffre d'affaires des entreprises; Evolution des résultats des entreprises; Parts de marché des entreprises en particulier à l'exportation; Diminution des coûts de production</i>), that <b>others would require substantial time to be measured</b> (<i>Produits en provenance des services facturés; Autonomie financière des AP (cotisations des adhérents et recettes des services); Nombre d'adhérents nouveaux gagnés aux plans d'action des AP et aux services développés; Nombre d'adhérents nouveaux gagnés grâce aux plans d'action des AP et aux services développés; Conventions de partenariats passées entre les AP marocaines et leurs homologues européennes; Diminution des secteurs économiques et des régions non encore couverts par les AP; Augmentation de la participation des PME à la mise à niveau; Degrés d'autonomie financière des AP atteinte grâce aux services mise en place. Nombre et qualité des partenariats établis</i>) <b>whilst others can be very precisely measured at the end of the programme</b> (<i>Nombre de cadre certains indicateurs permanents dans les A.P; Nombre et nature des services mis en oeuvre par le projet; Budget des AP; Nombre d'AP touchées par le programme; Nombre de projets mis en oeuvre par le projet; Nombre d'AP, 30 à 40, (en particulier les nouvelles par rapport au PAAP I) bénéficiaires du programme; Montants des projets présentés et montants pris en charge par le programme; Nombre des formations et des participants</i>) » (source: ACE International Consultants (for the European Commission), <i>Mission d'évaluation finale du Programme d'appui aux Associations Professionnelles au Maroc (PAAP II), Evaluation finale</i>, 2011, p.35).</p> <p><b>Appui aux institutions financières de garantie aux PME – Maroc</b></p> <p>The financial agreement indicates that control indicators will be put in place by the</p>
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	<p>PMU, notably in relation to: “(1) le nombre et l'encours de dossiers garantis ; (2) la qualite des dossiers garantis ; (3) le montant des investissements finances ; (4) le taux de sinistralite sur credits garantis » (source : <i>financial agreement</i>, p. 17).</p> <p>The financial agreement mentions that a mid-term and a final evaluation should be conducted and that resources were allocated accordingly (€186.00 pour audit et evaluation).</p>
I-10.5.2	<b>MOROCCO</b>
	<b>Appui aux entreprises - Maroc</b>
	<b>Capmezzanine – Maroc</b>
	Not specific to “Capmezzanine” but to TA funded under “Support to FEMIP”: The Court of Auditors 2009 Special Report on Banking measures in the Mediterranean area found that: “Regarding the monitoring by the Commission and the EIB, the Court found that: (1) the Commission relied entirely on the work performed by the EIB and did not carry out any monitoring of its own; (2) until 2005, the level of monitoring by the EIB was not adequate; (3) there was a lack of coordination between the EIB’s activities and the Commission’s, especially at the local level; (3) not enough emphasis was put on environmental monitoring” and “The Court noted that the Commission did not define its own monitoring and evaluation strategy for banking measures managed by the EIB. It relied entirely on the EIB for the financial and operational management of these measures. The management convention for risk capital operations and interest rate subsidies signed in 1992 is vague and does not set out clear management rules and procedures”. (Source: European Court of Auditors, <i>Banking measures in the Mediterranean area in the context of the MEDA programme and the previous protocols, Special Report No 1, 2009</i> ).
	<b>Appui aux Associations Professionnelles II – Maroc</b>
See I-10.5.1.	
	<b>Appui aux institutions financières de garantie aux PME - Maroc</b>
I-10.5.3	<b>MOROCCO</b>
	<b>Appui aux entreprises - Maroc</b>
	<b>Capmezzanine – Maroc</b>
	An interviewee (MN603) considered that the Commission had little data on the <b>impact</b> of the risk capital operations it has supported under the “Support to FEMIP” instrument managed by the EIB. Indeed, performance indicators has remained, it was reported, too financially-oriented and social performance indicators (on employment, women’s conditions etc) were needed, despite the Commission’s request to the EIB for those in the last few years.
	<b>Appui aux Associations Professionnelles II – Maroc</b>
	<b>Appui aux institutions financières de garantie aux PME - Maroc</b>
I-10.5.4	<b>MOROCCO</b>
	<b>Appui aux entreprises - Maroc</b>
	<b>Capmezzanine - Maroc</b>
	<b>Appui aux Associations Professionnelles II - Maroc</b>
	<b>Appui aux institutions financières de garantie aux PME - Maroc</b>

<b>JC 10.6</b>	<b><i>The Commission developed and used specific mechanisms to ensure capitalisation and sharing of its knowledge with respect to PSD</i></b>
<b>Findings at JC level</b>	Insufficient capitalisation on in-house PSD expertise across EC DGs (MN810, 818, 854, 856)
<b>I-10.6.1</b>	Description of existing mechanisms (networks, working groups, etc.) to ensure capitalisation of Commission knowledge on PSD both among Commission staff concerned with implementation of PSD support inside and outside the EU
<b>I-10.6.2</b>	Knowledge and involvement of staff concerned with PSD support in third countries with these mechanisms
<b>I-10.6.3</b>	Stakeholders expressed the view that these mechanisms are useful, with specific results generated and possible drawbacks
<b>I-10.6.1</b>	<b>MOROCCO:</b>
	<b>Appui aux entreprises – Maroc</b> The evaluation report of the programme gives evidence of the contrary: <i>“Il est par ailleurs regrettable de constater qu’il y a eu peu d’efforts de la part de la CE de mettre en application les expériences positives et les enseignements ou bonnes pratiques de projets similaires de la CE dans d’autres régions ayant des caractéristiques semblables, comme l’ont pourtant fait d’autres bailleurs de fonds. Ainsi la GTZ a, par exemple, organisé un atelier de travail TAM-ANPME le 05/07/2006 pour analyser les enseignements d’une approche similaire au baromètre de la compétitivité développé en Tunisie».</i> (ADE (for the European Commission), <i>Evaluation finale ex-post du Programme d’Appui aux Entreprises – Maroc</i> , 2010, p.54).
	<b>Capmezzanine – Maroc</b>
	<b>Appui aux Associations Professionnelles II - Maroc</b>
	<b>Appui aux institutions financières de garantie aux PME - Maroc</b>
<b>I-10.6.2</b>	<b>MOROCCO:</b>
	<b>Appui aux entreprises – Maroc</b>
	<b>Capmezzanine – Maroc</b>
	<b>Appui aux Associations Professionnelles II - Maroc</b>
	<b>Appui aux institutions financières de garantie aux PME - Maroc</b>
<b>I-10.6.3</b>	<b>MOROCCO:</b> Strong and formal exchanges of PSD experience across EUDs missing.
	<b>Appui aux entreprises – Maroc</b>
	<b>Capmezzanine – Maroc</b>
	<b>Appui aux Associations Professionnelles II - Maroc</b>
	<b>Appui aux institutions financières de garantie aux PME - Maroc</b>

## No. 25: Energy Efficiency and Renewable Energy Programme for SMEs – Central America

Energy Efficiency and Renewable Energy Programme for SME in Central America - LAIF (DCI – ALA/2009/021-734)	
<b>Intervention Type</b>	General Budget Support
	Sector Budget Support
	✓ Project approach
	✓ Technical Assistance
<b>Start date &amp; End date</b>	<ul style="list-style-type: none"> <li>▪ <i>Start Date: 2010 (FA signed in Nov. 2010)</i></li> <li>▪ <i>End Date: Foreseen Dec 2016</i></li> </ul>
<b>Budget: committed, contracted, disbursed</b>	<ul style="list-style-type: none"> <li>▪ <i>Total budget: €36,330,000</i></li> <li>▪ <i>Committed Commission through LAIF: €3,000,000 (8.2%)</i></li> <li>▪ <i>KfW: €30,000,000 (86.2%)</i></li> <li>▪ <i>CABEI (Central American Bank for Economic Integration): €3,330,000 (9.2%)</i></li> </ul>
<b>Beneficiary</b>	Financial Intermediaries (FI) as promoters and Small and Medium Enterprises including small project developers (SME) as beneficiaries.
<b>Country/Region</b>	Central América: Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica and Panamá (at a later stage or 2nd phase of the program envisioned for 2012/13).
<b>Intervention Description</b>	The LAIF funds will contribute to the promotion of additional investments at the SME-level which have a positive impact on energy saving and energy generation from renewable energy sources. In addition, LAIF funds will contribute to a reduction of CO2 emissions. Furthermore, LAIF grants will support growth, diversification and sustainability of SME by contributing to the provisioning of a new financial product regarding environmental investments. This intervention must be understood with reference to the background described below.
<b>Intervention Background &amp; History</b>	<p>The Program was developed within the framework of the official Development Cooperation between Germany and CABEI. The Program will be carried out in the framework of an existing CABEI-program regarding the promotion of the private sector with a special focus on SME. The focus on environmental investments e.g. EE measures and RE technologies has been added to the overall SME-Program of CABEI at the beginning of 2009 in order to expand the services provided to FI and SME in the region. The Program will be financed by KfW funds as well as own funds from CABEI. However, both sources of funds will be channeled through CABEI which in turn will provide direct financing to any of the more than 130 eligible FI in Central America under CABEI's own risk-rating system.</p> <p>The Program contains two main components:  1) financing environmental investments (KfW, CABEI) and  2) Technical Assistance (TA)/ studies (CABEI, LAIF).</p>
<b>Overall objectives</b>	To contribute to a reduction in energy consumption, a reduction in emissions of CO2 and thus to an improvement of the environmental situation in the region.
<b>Specific objectives</b>	To facilitate the efficient and sustainable access of SME/ small project developers to the financing of environmental investments (Energy Efficiency (EE) measures and Renewable Energy (RE) technologies) which correspond to the necessities of the SME in Central America.
<b>Expected results</b>	No description of expected results besides the specific objectives stated above

<p><b>Main Activities</b></p>	<p>The programme contains two main components :</p> <ul style="list-style-type: none"> <li>▪ I : Financing of environmental investments and</li> <li>▪ II: Technical assistance/studies/promotional activities</li> </ul> <p>Component I consists in the provision of funds by the Programme Executing Agency (KfW) to local FI that will channel resources to SME for energy efficiency and renewable energy projects.</p> <p>Component I contains complementary TA, studies and promotional activities. This Component will be partially funded by CABEI-Central American Bank for Economic Integration- who will contract promotion agents, called facilitators for the promotion and execution of the Programme. The funds provided by the Commission under this Component will provide resources for the following three activities:</p> <ul style="list-style-type: none"> <li>- TA for FI</li> <li>- Energy audits of SME and feasibility-studies of small renewable energy projects</li> <li>- Information material and promotion events</li> </ul>
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No. 26: Appui à l'Amélioration du Climat des Affaires /  
PRAMECLIN - Nicaragua

Programa de apoyo a la mejora del clima de negocios e inversiones en Nicaragua-PRAMECLIN (DCI – ALA/2007/019-011)	
<b>Type d' intervention</b>	Appui budgétaire général
	Appui budgétaire sectoriel
	✓ Approche projet (Devis Programme)
	✓ Assistance Technique
<b>Date de démarrage &amp; Date de clôture</b>	<ul style="list-style-type: none"> <li>▪ <i>Date de démarrage: 2008 (CF signée en Dec. 2008)</i></li> <li>▪ <i>Date de clôture: Prévu 2014 (72 mois)</i></li> </ul>
<b>Budget: engagé, contracté, déboursé</b>	<ul style="list-style-type: none"> <li>▪ <i>Budget total: €6.310.800</i></li> <li>▪ <i>Budget Commission engagé: €5.400.000 (86%)</i></li> <li>▪ <i>GoN: €540.000</i></li> <li>▪ <i>Bénéficiaires : €370.800</i></li> </ul> <p>Une deuxième phase "de consolidation" était prévue pour un budget de 2.600.000€ et devait être lancée lors du plan annuel 2009.</p>
<b>Bénéficiaires</b>	<ul style="list-style-type: none"> <li>▪ Les organisations professionnelles ou corporatives et leurs entreprises partenaires seront les bénéficiaires directs du projet.</li> <li>▪ Le projet bénéficiera également à des institutions d'appui au secteur privé comme les consortiums d'organisations professionnelles, les laboratoires, les agences de coopération technique, les universités et autres institutions publiques.</li> </ul>
<b>Pays/Région</b>	Nicaragua
<b>Description de l'intervention</b>	Ce projet s'est inscrit dans la sous-rubrique "Appui au climat des affaires" du DSP 2007-2013, il a visé à s'aligner sur la stratégie nationale du gouvernement et à contribuer à l'amélioration du climat affaires, des investissements et de la compétitivité au Nicaragua dans le contexte décrit ci-dessous.
<b>Contexte et historique de l'intervention</b>	Le déficit commercial s'élève à plus de 30% du PIB pour 2006 bien que les exportations aient atteint 1.060.000.000 USD maintenant un accroissement soutenu et constant au cours de la dernière décennie. Afin de favoriser les exportations et augmenter l'investissement étranger, le pays a signé différents traités de libre commerce ; un Accord d'Association entre l'Amérique Centrale et l'Union Européenne qui inclura un traité de libre commerce est également prévu. Ces traités, s'ils offrent des occasions commerciales aux entreprises nicaraguayennes, les soumettent également à une plus grande concurrence avec les produits, les services et les capitaux importés sur le marché national. Le présent projet devrait faciliter le Gouvernement du Nicaragua dans le respect de ses obligations légales et de délais découlant des accords internationaux en matière du climat des affaires.
<b>Objectifs globaux</b>	Contribuer à réduire la pauvreté a travers l'augmentation de la contribution du secteur privé au Produit National Brut (PNB).
<b>Objectifs spécifiques</b>	Promouvoir l'amélioration du cadre régulateur et le renforcement des institutions publiques et intermédiaires du secteur productif pour améliorer le climat d'affaires, la compétitivité des entreprises et l'augmentation des investissements dans le pays.
<b>Résultats attendus</b>	<p><b>Résultat 1 :</b> Le cadre régulateur est amélioré pour favoriser le climat des entreprises et des investissements nationaux comme étrangers.</p> <p><b>Résultat 2 :</b> Le niveau de qualification des ressources humaines des entreprises en gestion et sur le plan technique est augmenté, ce qui accroîtra la productivité et la compétitivité de ces dernières.</p>

	<p><b>Résultat 3</b> : Contribution au renforcement - en particulier par sa décentralisation croissante de l'offre de services aux entreprises, tant de la part du secteur public que des organisations intermédiaires et des "organisations professionnelles".</p>
<p><b>Principales activités</b></p>	<p><b>R1 :</b></p> <ul style="list-style-type: none"> <li>• Mise en œuvre d'un système automatisé de suivi du programme sectoriel PROMIPYME et de la réalisation d'une campagne de sensibilisation des organisations professionnelle sur ce programme sectoriel. 150.000 €</li> <li>• Appui technique légal et formations pour l'amélioration du cadre régulateur du climat d'affaires 120.000 €</li> <li>• Renforcement de la capacité des organismes nationaux chargés du contrôle de l'application des normes environnementales. 100.000 €</li> <li>• Étude et appui technique pour l'amélioration des processus et flux de démarches et autorisations exigées pour l'opération d'une entreprise. 150.000 €</li> <li>• Organisation de séminaires/ateliers et assistance technique aux décideurs du secteur afin d'accélérer et de promouvoir l'approbation de lois, de règlements qui affectent le climat des affaires et des investissements au Nicaragua, 130.000 €.</li> </ul> <p><b>R2 :</b></p> <ul style="list-style-type: none"> <li>• Etudes de caractérisation des différentes entreprises du pays considérant en particulier les thèmes de génération de revenus, équité, genre, environnement. 350 000 €</li> <li>• Favoriser l'établissement de standards de qualité dans les entreprises et du renforcement des contrôles par l'institution responsable dans des secteurs non agricoles. 940.000 €</li> <li>• Conception, harmonisation et établissement de nouveaux contenus de programmes de formations appropriés pour les entreprises. On inclura des activités d'assistance technique et d'organisation de séminaires sur la réforme de l'éducation en coordination avec le reste du secteur éducatif du pays. 145.000 €</li> <li>• Renforcer deux Centres de Services Technologiques (CSTs) existants en favorisant l'innovation technologique à travers d'un partenariat public- privé. Une priorité sera orientée vers les énergies renouvelables et la production plus propre. 650.000 €</li> </ul> <p><b>R3 :</b></p> <ul style="list-style-type: none"> <li>• Renforcer les diverses organisations professionnelles existantes pour améliorer leur caractère institutionnel, ainsi que leur couverture territoriale et leur offre de services. 350.000 €</li> <li>• Formulation d'une politique nationale de Responsabilité Sociale des Entreprises (RSE) et appui à des projets de RSE visant à l'amélioration des conditions de travail, à travers des organisations professionnelles soutenues. 136.000 €</li> <li>• Renforcer deux centres d'appui aux entreprises du MIFIC dans les départements. 184.000 €</li> </ul>

## No. 27: Appui à des Petits Producteurs de Café / PRODECOOP - Nicaragua

Fortalecimiento productivo y organizativo de 1,856 familias de pequeños productores cafetaleros y agropecuarios afiliados a la Central de Cooperativas de Servicios Múltiples Responsabilidad Limitada (PRODECOOP) ( ONG-PVD/2003/004-562	
<b>Type d' intervention</b>	Appui budgétaire général
	Appui budgétaire sectoriel
	✓ Approche projet
	✓ Assistance Technique
<b>Date de démarrage &amp; Date de clôture</b>	<ul style="list-style-type: none"> <li>▪ <i>Date de démarrage:</i> 2004 (CF signée en juillet 2004)</li> <li>▪ <i>Date de clôture:</i> juillet 2008 (48 mois)</li> </ul>
<b>Budget: engagé, contracté, déboursé</b>	<ul style="list-style-type: none"> <li>▪ <i>Budget total:</i> €1.924.033</li> <li>▪ <i>Commission engagé:</i> €1.443.025</li> <li>▪ <i>Commission déboursé:</i> €1.368.741</li> </ul>
<b>Bénéficiaires</b>	<ul style="list-style-type: none"> <li>▪ <i>Bénéficiaires directs:</i> Tous les partenaires de PRODECOOP constitué de 1.856 petits producteurs regroupés dans 38 coopératives représentant une population totale de 9.651 personnes.</li> <li>▪ <i>Bénéficiaires indirects:</i> Les habitants de plus de 100 communautés dans 10 municipalités et 3 départements pour un total de 28.140 personnes. La grande majorité des partenaires de PRODECOOP et leurs familles sont en situation de pauvreté voire d'extrême pauvreté.</li> </ul>
<b>Pays/Région</b>	Nicaragua
<b>Description de l'intervention</b>	Ce projet a visé à contribuer à la réduction de la pauvreté et a été en accord avec la stratégie du CSP 2002-2006 axée notamment sur « <i>Socio-economic development in rural areas</i> ». En vue de renforcer la gestion par coopératives, le projet a visé à améliorer la situation économique, organisationnelle, de production et de marketing des petits producteurs de café, sans négliger les aspects sociaux et environnementaux.
<b>Contexte et historique de l'intervention</b>	Le Nicaragua est le pays le plus pauvre d'Amérique latine avec l'un des plus forts taux de chômage et un des niveaux de vie les plus bas de la région. Selon un rapport de la Banque Centrale du Nicaragua, le café est l'un des piliers de l'économie nationale, représentant 20% de la valeur totale des exportations du pays et 32% des exportations agricoles. Il est également le plus grand pourvoyeur d'emplois dans les zones rurales et stimule la plupart des économies locales. Les zones productrices de café sont, cependant, les moins accessibles et souffrent d'un manque d'infrastructure et de services de base. Dans la région où le projet est développé, l'équivalent de 8% de la population nationale vit directement ou indirectement du café qui représente un revenu stable avec un bon potentiel de croissance.
<b>Objectifs globaux</b>	Contribuer au développement humain durable des familles rurales les plus défavorisées et marginalisées.
<b>Objectifs spécifiques</b>	Contribuer à ce que 1856 familles paysannes améliorent leur situation économique, organisationnelle, sociale et environnementale.
<b>Résultats attendus</b>	<p><b>Résultat 1 :</b> Les familles productrices de café qui gravitent autour de PRODECOOP ont renforcé leur situation de production, économique et environnementale</p> <p><b>Résultat 2 :</b> Les familles productrices de café impliquées ont amélioré l'efficacité et la compétitivité de leurs processus de production et de commercialisation</p> <p><b>Résultat 3 :</b> Les familles productrices de café impliquées appliquent des technologies</p>

	<p>agro-écologiques pour permettre une plus grande diversification et assurer la durabilité environnementale de leurs activités productives</p> <p><b>Résultat 4</b> : Les coopératives impliquées ont une base organisationnelle plus solide, équitable et solidaire qui leur permet de donner une certaine pérennité sociale à leurs actions."</p>
<p><b>Principales activités</b></p>	<p><b>R1</b> :</p> <ul style="list-style-type: none"> <li>• Etablissement de 500ha de café renové</li> <li>• Substitution/reconversion des processus, machines, équipements et infrastructures nécessaire au dépulpage de la cerise de café</li> </ul> <p><b>R2</b> :</p> <ul style="list-style-type: none"> <li>• Formation en vue d'augmenter les rendements et la qualité du produit</li> <li>• Appui à la certification organique du café</li> <li>• Formation pour l'amélioration du broyage du café</li> <li>• Elaboration de stratégie commerciale pour le café notamment avec des vues sur les marchés européens et nord-américain</li> </ul> <p><b>R3</b> :</p> <ul style="list-style-type: none"> <li>• Appui à la diversification de la production agricole</li> <li>• Formation et assistance technique dans la gestion du café organique</li> <li>• Appui et promotion de la production commerciale du lombrihumus</li> </ul> <p><b>R4</b></p> <ul style="list-style-type: none"> <li>• Appui aux coopératives pour qu'elles actualisent et régularisent leurs documents légaux</li> <li>• Inclusion de la perspective de genre dans les plans, actions et amélioration de la participation des femmes</li> <li>• Promotion et appui aux coopératives dans la formulation et exécution de leur plan de développement et de leurs systèmes administratifs-comptables et de contrôle des coopératives productives et commerciales</li> <li>• Relation entre les coopératives et entre celles-ci et les autres acteurs locaux, échanges d'expérience, concertation et coordination d'actions pour le développement local et sectoriel</li> </ul>



# Data Collection Grid – Central America - Nicaragua

<b>EQ 1</b>	<b>To what extent did the Commission's PSD strategy and programming take into account the recommendations of the 2005 evaluation and the evolution of the overall private sector environment?</b>
<b>Other relevant information (not captured elsewhere)</b>	
<b>JC 1.1</b>	<b><i>The Commission undertook efforts to make sure that the recommendations of the 2005 Evaluation were taken into account</i></b>
<b>Findings at JC level</b>	No reference to these recommendations in the strategy documents. Out of the two interventions that were design after 2005, one mentioned the recommendations in its programming documents.
<b>I-1.1.1</b>	Existence of a plan or specific approach for the dissemination of the Recommendations to those responsible for programming and design of interventions
<b>I-1.1.2</b>	Evidence of dissemination of the recommendations to those responsible for programming and design of interventions
<b>I-1.1.3</b>	Commission staff were conversant with the 2005 Evaluation or with the recommendations made in this evaluation
<b>I-1.1.1</b>	<p><b>Central America+Nicaragua:</b> No reference to 2005 Evaluation in the strategy documents of the Commission</p> <p><b>LAIF - KfW-01 - Central America:</b> No reference to 2005 Evaluation</p> <p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> The <b>Action Fiche and the FA do mention the 2005 Evaluation</b> (same paragraph in both documents under the “Lessons learned” section) and point to 3 of its recommendations:</p> <p><i>“Le rapport final d'Évaluation de l'Appui de la CE au Secteur Privé dans les pays en développement (décembre 2005) indique que</i>  <i>-les projets ne doivent pas directement fournir des services d'appui aux entreprises.</i>  <i>-Il vaut mieux renforcer ce qui fonctionne déjà sur le marché local.</i>  <i>-En outre, cette évaluation souligne l'importance de la promotion des organisations intermédiaires pour influencer les politiques du secteur.” (Fiche d'Action,p.3)</i></p> <p><b>However, this cannot be considered as “a plan” or “specific approach for the dissemination of recommendations”</b></p> <p><b>PRODECOOP – Nicaragua:</b></p>

	No reference to 2005 Evaluation (but programme identified prior to 2005)
<b>I-1.1.2</b>	<b>Central America+Nicaragua</b>
	<b>LAIF - KfW-01 - Central America</b>
	<b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> See I-1.1.1
	<b>PRODECOOP - Nicaragua</b>
<b>I-1.1.3</b>	<b>Central America+Nicaragua</b>
	DEL in Nicaragua not aware of the content of the 2005 PSD evaluation (MN 719, MN 731)
	<b>LAIF - KfW-01 - Central America</b>
	<b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b>
<b>PRODECOOP - Nicaragua</b>	
<b>JC 1.2</b>	<i>Specific recommendations of the 2005 evaluation relating to the Commission's overall PSD Strategy have been taken into account</i>
<b>Findings at JC level</b>	The one intervention that refers to the 2005 evaluation made some effort to take its recommendation into account. For example, makes reference to institutional level intervention which is recommended by the 2005 Evaluation
<b>I-1.2.1</b>	Evidence of greater clarity at programming level regarding the role of the Commission in PSD (particularly including the link between PSD, economic growth, the development objectives and poverty reduction)
<b>I-1.2.2</b>	Evidence of a process taking place to create a common vision of the Commission's PSD between HQ and EUD levels
<b>I-1.2.3</b>	Commission programming has prioritised the areas of highest Commission comparative advantage as described by the 2005 evaluation recommendation RS-2
<b>I-1.2.1</b>	<b>Central America+Nicaragua:</b> No reference to 2005 Evaluation in the strategy documents of the Commission
	<b>LAIF - KfW-01 - Central America:</b> No reference to 2005 Evaluation
	<b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> The Action Fiche (AF) and the FA do refer to the link between private sector, development and poverty reduction but <b>no link established between this statement and the 2005 Evaluation:</b>  <i>“La contribution que le secteur privé apporte effectivement au développement et à la lutte contre la pauvreté en complément de l'action du secteur public est désormais largement comprise et appréciée par la majorité des coopérants ainsi que par le gouvernement du Nicaragua.” (Fiche d'Action, p.3)</i>
	<b>PRODECOOP – Nicaragua:</b> No reference to 2005 Evaluation

I-1.2.2	<b>Central America+Nicaragua</b>
	<b>LAIF - KfW-01 - Central America:</b> No evidence of such process.
	<b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> No evidence of such process.
	<b>PRODECOOP – Nicaragua:</b> No evidence of such process.
I-1.2.3	<b>Central America+Nicaragua:</b> No evidence of such prioritisation
	<b>LAIF - KfW-01 - Central America:</b> No evidence of such prioritisation
	<b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> No evidence of priority given to areas of intervention <b>but the Identification Fiche and the AF do mention comparative advantages of the Commission and makes reference to institutional level intervention</b> which is recommended by the 2005 Evaluation:  <i>“The EC has repeatedly shown in other countries that it has <b>significant advantages versus other donors</b> in some of these fields, for example in <b>fostering institutional and legislative improvements</b> for the business and investment climate, in assisting regional centres for business and economic development, as well as in delivering large-scale training programmes and <b>setting up private-public institutions in formerly centralised economies.</b>” (Identification Fiche, p. ii)</i>
	<b>PRODECOOP – Nicaragua:</b> No evidence of such prioritisation
<b>JC 1.3</b>	<b><i>The Commission is aware, through studies and exchanges with other sources of aid for PSD, of the evolution of the private sector environment</i></b>
<b>Findings at JC level</b>	Evidence that the Commission was aware of the evolution of the private sector environment (reference to different factors such as economic downturn, coffee price crisis, increased trade liberalisation) <b>but not clear what its sources of information were.</b>
<b>I-1.3.1</b>	Existence of Commission documents evidencing awareness of the evolution of the private sector environment
<b>I-1.3.2</b>	Stakeholders report existence of dialogue with other sources of aid for PSD concerning the evolution of the private sector environment
<b>I-1.3.3</b>	Evidence exists that the private sector environment has been taken into account in the Commission's PSD strategies and programming at country/regional level
<b>I-1.3.1</b>	<b>Central America+Nicaragua:</b> Not detailed evolution of the private sector environment <b>but mention of factors that will have an impact on PSD in Nicaragua such as “economic global downturn”, “vulnerability to external shocks”(energy prices), “increased trade liberalization” (CSP 2007-2013, p.13; Mid-Term Review Document CSP 2007-</b>

	<p>2013, p.1)</p> <p><b>LAIF - KfW-01 - Central America:</b></p> <p>The programming documents emphasise factors that have impacted (and will impact) upon the evolution of the private sector environment:</p> <ul style="list-style-type: none"> <li>• The financial and later economic crisis</li> <li>• The fall in international prices of commodities</li> <li>• The high and volatile energy prices</li> <li>• The recovery of Central America will be closely linked to the dynamics of the industrialized countries, especially the United States</li> </ul>
	<p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b></p> <p>The AF mentions only <b>the free trade agreements that Nicaragua has signed with different countries and the future Association Agreement between CA and the EU.</b></p>
	<p><b>PRODECOOP – Nicaragua:</b></p> <p>The Project Synopsis emphasises the <b>crisis of the international price of coffee.</b></p>
I-1.3.2	<p><b>Central America+Nicaragua</b></p>
	<p><b>LAIF - KfW-01 - Central America</b></p>
	<p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b></p>
	<p><b>PRODECOOP - Nicaragua</b></p>
I-1.3.3	<p><b>Central America+Nicaragua:</b></p> <p>The PSD strategies of the Commission <b>take into account the factors mentioned under I-1.3.1</b> in the sense that in <i>“helping to improve the business and investment climate”</i> it seeks to support <i>“one of the bases for economic growth , in particular those linked to the challenges of regional integration”</i> (CSP 2007-2013, p.27) and mitigate in this way Nicaragua’s vulnerability and dependence on aid and remittances.</p> <p>Commission staff explained that <b>the choice of PSD as a focal sector was related to the reality of the small national market:</b></p> <p><i>“The initial assessment to reinforce the investment climate: Nicaragua is a small market so not good for big companies. We can identify two possible solutions: regional integration and increase the national market with poverty reduction and the AA is in line with this initial statement. This is why we chose PSD as opposed to rural development as a focal sector for 2007-2013”</i> (MN 716)</p> <p><b>LAIF - KfW-01 - Central America:</b></p> <p>The factors described under I-1.3.1 have been taken into account in the programming documents for example they have been factored as <i>“Risk elevating factors”</i>:</p> <p><i>“Challenging macro-economic conditions due to the global crisis and therefore difficult circumstances for the investment climate and market-determined credit conditions (this risk is reduced by the participation of CABI as a development bank).”</i> (Contribution Request A1 to LAIF’s Board, p.5)</p> <p>Furthermore, the programme aims to develop renewable sources of energy at the</p>

	level of SMEs to reduce dependence on oil.
	<p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> This programme <b>takes into account the challenges of regional and international integrations</b> as it seeks to <i>“améliorer le climat d'affaires, la compétitivité des entreprises et l'augmentation des investissements dans le pays”</i> (AF, p.5)</p>
	<p><b>PRODECOOP – Nicaragua:</b> This programme <b>takes into account the crisis of the coffee price</b> as it seeks to strengthen the production of organic coffee whose price is higher and more stable.</p>
<b>JC 1.4</b>	<b><i>Policy documents and surveys relating to PSD and the quality of aid have been taken into account by the Commission</i></b>
<b>Findings at JC level</b>	The one intervention that refers to the 2005 evaluation also takes into account the <b>Paris Declaration</b> (alignment, synergies and comparative advantage).
<b>I-1.4.1</b>	Documents show that new policy recommendations have been taken into account
<b>I-1.4.2</b>	Stakeholders report existence of internal dialogue or other process(es) that take into account new policy recommendations regarding quality of PSD aid
<b>I-1.4.1</b>	<p><b>Central America+Nicaragua:</b> No evidence</p>
	<p><b>LAIF - KfW-01 - Central America:</b> No evidence</p>
	<p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> Both Identification and Action Fiches <b>mentions the Paris Declaration</b> and the Action Fiche <b>mentions the 2005 Evaluation.</b> <b>There are evidences that these policy documents were taken into account</b> considering the alignment with a government sectoral programme (PROMIPYME), the synergies with other interventions (Commission and other donors) and the focus on areas where the Commission is considered to have a comparative advantage such as institutional strengthening.</p>
	<p><b>PRODECOOP – Nicaragua:</b> No evidence</p>
<b>I-1.4.2</b>	<p><b>Central America+Nicaragua</b></p>
	<b>LAIF - KfW-01 - Central America</b>
	<b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b>
	<b>PRODECOOP - Nicaragua</b>

<b>EQ 2</b>	<b>To what extent was Commission support to PSD in partner countries part of a strategic approach geared to the overall objectives of EU External Policy, while aligning with the priorities of the country/region and maximizing its VA, including in terms of synergies with other actors and other types of Commission support?</b>
<b>Other relevant information (not captured elsewhere)</b>	
<b>JC 2.1</b>	<b><i>Commission geared PSD support towards overall EU external policy objectives</i></b>
<b>Findings at JC level</b>	<p>Yes Commission <b>geared its PSD support towards overall EU external policy objectives</b> such as:</p> <ul style="list-style-type: none"> <li>- Economic development</li> <li>- International and regional integration</li> <li>- Poverty reduction</li> </ul> <p>Commission's staff emphasised the link between PSD and future Commission's strategy:</p> <p><i>"In the new Agenda for Change, there is an increased importance given to private sector as an engine for development. It would be good to think that they are launching this evaluation because of this foreseen importance given to the private sector."</i></p> <p>(MN 710)</p> <p><b>The link between PSD support and the signing of the Association Agreement almost systematically made in the strategy and programming documents</b> This was confirmed during the field phase: <i>"A lot of what we [The Commission] are doing is related to the negotiation and implementation of the AA."</i>(MN 710)</p>
<b>I-2.1.1</b>	Relation between overall EU external policy objectives and Commission PSD support is explicitly identified in Commission policy documentation
<b>I-2.1.2</b>	Programming documentation explicitly relates PSD interventions to overall EU external policy objectives
<b>I-2.1.3</b>	Stakeholders consider that Commission PSD support has contributed to the achievement of overall EU external policy objectives
<b>I-2.1.1</b>	<p><b>Central America+Nicaragua:</b></p> <p><u>For the period 2002-2006:</u> The Commission <b>does establish a link between the overall policy objectives of the EU</b> of economic integration and poverty reduction (Article 177 of the Treaty Establishing the EC) <b>and its support to PSD</b> (more specifically the need <i>"to introduce a more competitive environment"</i> (p.26).</p> <p><u>For the period 2007-2013:</u> The Commission <b>continues to establish a link between these overall policy objectives of the EU</b> of economic integration and</p>

	<p>poverty reduction (Article 177 of the Treaty Establishing the EC) <b>and its support to PSD:</b></p> <p><i>“Integrating trade and the international commitments ratified by Nicaragua should be done not only at Central American level, but also in terms of national pro-poor policies. This is an important challenge that the EC should continue to help meet, along with other donors. The EC could contribute to this activity by supporting trade policy and standards, as well as trade exchanges (with a particular emphasis on small and medium-sized enterprises)” (p.22)</i></p> <p><b>Reference at both national and regional level of the signing of an Association Agreement –including a Free Trade Agreement- between the EU and CA. (Negotiations opened during 2006 Vienna Summit)</b></p>
	<b>LAIF - KfW-01 - Central America</b>
	<b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b>
	<b>PRODECOOP - Nicaragua</b>
<b>I-2.1.2</b>	<p><b>Central America+Nicaragua:</b></p> <p><b>No specific reference to overall EU external policy objectives (or to EU policy documents stating these objectives) in the different NIPs.</b></p>
	<p><b>LAIF - KfW-01 - Central America:</b></p> <p>Programming documents refer to the future signing of <b>Association Agreement and economic integration</b> and the challenges its raises in terms of competitiveness for SMEs.</p> <p>Even though not phrased in this way link to <b>the overall objective of favouring economic development</b> in the sense that the programme seek to mitigate the effects of the economic crisis, of high oil prices by supporting <b>SMEs which constitute 95% of all private enterprises.</b></p>
	<p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b></p> <p>The Commission <b>does establish a link between the overall policy objectives of the EU</b> of economic integration and poverty reduction in the programming documents (Intervention Fiche, Action Fiche, FA)</p>
	<p><b>PRODECOOP – Nicaragua:</b></p> <p>The Commission <b>does establish a link between the overall policy objective of poverty reduction</b> and the intervention in the programming documents (poverty of the small coffee producers targeted by the intervention).</p> <p>Furthermore the ROM exercises emphasises the relevance of the programme when considering:</p> <ul style="list-style-type: none"> <li>• The priority of “economic development in rural zone” of the 2002-2006 CSP</li> <li>• The priority of “promotion of social cohesion” of the 2007-2013 CSP</li> <li>• The regional strategy (RSP 2002-2006) of reducing vulnerability and improving environmental management</li> </ul>
<b>I-2.1.3</b>	<b>Central America+Nicaragua</b>

	<b>LAIF - KfW-01 - Central America</b>
	<b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b>
	<b>PRODECOOP - Nicaragua</b>
<b>JC 2.2</b>	<b><i>The Commission applied explicit policies and guidelines to make sure that its support to PSD was part of a strategic approach</i></b>
<b>Findings at JC level</b>	No evidence that such explicit policies and guidelines were applied to make sure that its PSD support was part of a strategic approach.
<b>I-2.2.1</b>	Existence of policy documents and guidelines that explicitly tackle the importance of a strategic (prioritised) approach towards PSD alongside the different dimensions mentioned
<b>I-2.2.2</b>	These policies and guidelines were utilised for the design of PSD strategies at country/ regional level and for the programming
<b>I-2.2.3</b>	Commission staff expressed the view that the guidance provided was appropriate
<b>I-2.2.1</b>	<b>Central America+Nicaragua:</b> No evidence of such guidelines
	<b>LAIF - KfW-01 - Central America:</b> No evidence of such guidelines
	<b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> No evidence of such guidelines
	<b>PRODECOOP – Nicaragua:</b> No evidence of such guidelines
<b>I-2.2.2</b>	<b>Central America+Nicaragua</b>
	<b>LAIF - KfW-01 - Central America</b>
	<b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b>
	<b>PRODECOOP - Nicaragua</b>
<b>I-2.2.3</b>	<b>Central America+Nicaragua</b>
	<b>LAIF - KfW-01 - Central America</b>
	<b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b>
	<b>PRODECOOP - Nicaragua</b>
<b>JC 2.3</b>	<b><i>The PSD strategies and programming of the Commission took into account the national/regional priorities</i></b>
<b>Findings at JC level</b>	Even though not always evidence of a policy dialogue, <b>Commission took into account partner country's priorities when designing its intervention.</b> The move towards Budget Support is presented as a way to improve the policy dialogue.  But careful, in the case of Nicaragua this aid modality had to be suspended for both political and public finance management reasons.



	<p>Furthermore there are three public documents addressing PSD: 1) The National Development Plan; 2) The National Operative Plan; 3) PROMIPYME. (MN 731)</p> <p>However, despite these strategic orientations, the GoN keeps on leading its PSD policy more on the basis of priorities/opportunities: <i>“Even though there is a strategy that is being developed in PSD in the context of PRAMECLIM and the Competitiveness programme, so far, the practice has been oriented towards the management of priorities/opportunities.” (MN 711)</i> (see also MN 717)</p>
I-2.3.1	The Commission conducted a policy dialogue with national authorities on PSD strategies
I-2.3.2	CSPs/RSPs clearly link the Commission PSD support to national/regional overall and PSD specific strategies and programming
I-2.3.3	Stakeholders consider that Commission support to PSD is aligned to the overall and sector specific national priorities
I-2.3.1	<p><b>Central America+Nicaragua:</b> For the period 2002-2006: the Commission describes <b>policy dialogue as an important part of its overall strategy (not PSD specific) but no further evidence/ information</b> on how this is going to be achieved is provided: <i>“The ownership should be one of the key elements of the decision point of any financing. Therefore the Commission will actively participate in <b>dialogues</b> in each focal sector [...]” (bold in original text) (p.21)</i></p> <p>For the period 2007-2013: <b>Importance of policy dialogue re-emphasised and information provided on how to achieve it (budget support, twinning):</b> <i>“[T]he main element of the EC Strategy 2007-2013 is that Commission support will not be only financial but will gradually shift to a more important policy and political dialogue in parallel with ample transfer of European experience (i.e. twinning between actors).” (p.19)</i></p> <p><b>At the regional level</b>, the overall policy dialogue is shaped by the <b>San José dialogue</b> initiated in 1984. Originally set-up to accompany the peace process it now includes <b>economic matters</b>.</p> <p><b>LAIF - KfW-01 - Central America:</b> No information on policy dialogue with national authorities of the region or regional organisations but the <b>programme is developed within the framework of the official Development Cooperation between Germany and the Central American Bank for Economic Integration (CABEI)</b>.</p> <p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> No more information provided in programming documents with respect to a policy dialogue <b>but evidence that national priorities taken into account as the programme inserts it-self in a wider sectoral government programme: PROMIPYME</b>. The BCS states in this respect: <i>“The programme is part of a sectoral government strategy to support micro, small and medium enterprises-MIPYME whose objectives are to improve the regulatory framework, the business climate, and to strengthen the offer of services to these enterprises in order to improve their</i></p>

	<p><i>production capacity and their access to finance.” (BCS 120221.02)</i></p> <p><b>PRODECOOP – Nicaragua:</b></p> <p><b>No evidence of a policy dialogue</b> but the intervention takes into account a recent national law on reforming cooperatives.</p>
<b>I-2.3.2</b>	<p><b>Central America+Nicaragua:</b></p> <p>For the period 2002-2006: The Commission’s action in PSD consists in investing in human capital <b>and its global objective in this sector coincides with one of the government’s principal commitments:</b></p> <p><i>“to analyse demand from the private sector for vocational training” (p.29)</i></p> <p>Commission’s PSD support also consists in <i>“introducing a more competitive environment”</i> under the non-focal sector “regional integration”. <b>No reference to national strategies in this domain but mention of Nicaragua’s commitment to regional integration.</b></p> <p>For the period 2007-2013: <b>Alignment with national priorities is ensured by the adoption of a SWAp:</b></p> <p><i>“[B]y financing this first SWAp, the EC made a long-term commitment and will continue to support and co-finance the 2001- 2015 National Education Plan, with a special emphasis on primary and secondary schools <b>as well as vocational training based on an assessment of the private sector’s needs.</b>” (Bold not in original text)(p.26)</i></p> <p><b>At the regional level,</b> the focus is on regional integration and <b>a link is established with PSD related actions</b> such as supporting:</p> <p><i>“the acceptance of international standards such as the WCO Framework of Standards to Secure and Facilitate Global Trade, sanitary and phytosanitary (SPS) measures, development of a regional approach to technical regulations on goods and to standardisation based on international standards to promote free movement of goods and avoid technical barriers to trade.” (RSP, 2007-2013, p.20)</i></p> <p><b>LAIF - KfW-01 - Central America</b></p> <p><b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b></p> <p><b>PRODECOOP - Nicaragua</b></p>
<b>I-2.3.3</b>	<p><b>Central America+Nicaragua:</b></p> <p>According to both Commission staff and government official regular dialogue. Despite the lack of clear strategy to align to, the Commission has strived to remain coherent in its approach:</p> <p><i>“It is a classical meso level project [COMPETITIVIDAD] and we intended to have it to complement the action we are doing at the macro level with PRAMECLIM. And now we are a trying to work in the different sectors such as forest and tourism [...] this is the plan that we have developed” (MN717)</i></p> <p><b>LAIF - KfW-01 - Central America</b></p> <p><b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b></p> <p><b>PRODECOOP - Nicaragua</b></p>
<b>JC 2.4</b>	<b><i>The potential VA of the Commission geared its decisions on the nature of the support it would provide</i></b>
<b>Findings at JC</b>	Evidence that potential VA of the Commission has geared its decisions on the

level	<p>nature of the support it would provide (for ex. <b>VA when it comes to regional integration</b> because of its <b>critical amount of funding and action in related sectors such as</b> trade and environment). Reference to potential VA over the second programming period <b>and not over the first</b>.</p> <p>According to Commission's staff:</p> <p><i>"Added-value had not yet kicked-in in designing because it was the first time that we were entering in this sector (PSD), which was not the case of our counter-parts."</i> (MN731)</p>
I-2.4.1	Types of potential VA the Commission considered it could offer when providing support to PSD (as attested for instance by overall documents on the Commission's PSD strategy)
I-2.4.2	Overall approach of the Commission to ensure that its PSD support would be geared, among other things, by its potential VA
I-2.4.3	References in strategy documents at country/ regional level to the potential VA of the Commission when providing support to PSD
I-2.4.4	Stakeholders consider that the Commission's country and regional strategies took into account the Commission's potential VA and are able to identify such VA
I-2.4.1	<p><b>Central America+Nicaragua:</b></p> <p><u>For the period 2002-2006:</u> <b>No reference</b> to Commission's potential VA when providing support to PSD.</p> <p><u>For the period 2007-2013:</u> Commission informs that <b>its VA will be a determining factor of its support overall and PSD related</b>. The types of VA put forward are: <b>knowledge and experience</b> and <b>leadership role vis-à-vis other donors</b> in the sector[education and vocational training]:</p> <p>Overall: <i>"The European Commission will concentrate its actions where it can add value and impact [...]"</i> (p.20)</p> <p>PSD related: <i>"[T]he EC could also provide the knowledge acquired by years of experience of progressive economic integration" (p.21); Education was a focal sector in the previous CSP, and the EC has also acquired experience in this field from previous projects. It also participated actively, with the Government, in designing the Swap, being the contact point for donors active in the field. Education was the starting point to provide the sector approach financed through budget support in Nicaragua."</i> (p.21)</p> <p><b>At the regional level</b>, the RSP 2007-2013 also emphasises that the Commission should <b>"focus on a limited number of added-value sectors"</b> (p.21 . It adds that it has a <b>VA when it comes to regional integration</b> because of its <b>critical amount of funding and action in related sectors such as</b> trade and environment:</p> <p><i>"The analysis of the main donors at regional level shows a clear comparative advantage for the EC in supporting the regional integration process."</i> (p.17)</p> <hr/> <p><b>LAIF - KfW-01 - Central America:</b></p> <p>Even though <b>not phrased as VA</b> in the programming document one aspect that has geared Commission's intervention through LAIF was <b>its leverage capacity:</b></p> <p><i>"[T]he LAIF grants contributes to leverage €33,33M of loans from one eligible finance</i></p>

	<p><i>institution (KfW €30M loan) and one regional Latin-American finance institution (CABEI €3.33M loan), which gives a favourable leverage ratio, as the grant element represents 1/11 (approximately 9%) of the total lending.” (Contribution Request, p.12)</i></p> <p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> Both the Action Fiche and the Identification Fiche put forward <b>the comparative advantage that the Commission has in certain PSD areas:</b> <i>“The EC has repeatedly shown in other countries that it has significant advantages versus other donors in some of these fields, for example in <b>fostering institutional and legislative improvements</b> for the business and investment climate, in assisting <b>regional centres for business and economic development</b>, as well as in delivering <b>large-scale training programmes</b> and setting up private-public institutions in formerly centralised economies.” (IF, p. ii)</i></p> <p><b>PRODECOOP – Nicaragua:</b> No evidence that the potential VA of the Commission geared its support</p>
I-2.4.2	<p><b>Central America+Nicaragua:</b> See I-2.4.1</p> <p><b>LAIF - KfW-01 - Central America:</b></p> <p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> <b>Evidence that potential VA has geared Commission’s support</b> in the sense that the activities to be carried-out under this programme are in the areas listed under I-2.4.1. notably institutional and legislative improvements.</p> <p><b>PRODECOOP – Nicaragua:</b></p>
I-2.4.3	<p><b>Central America+Nicaragua:</b> See I-2.4.1</p> <p><b>LAIF - KfW-01 - Central America</b></p> <p><b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b></p> <p><b>PRODECOOP - Nicaragua</b></p>
I-2.4.4	<p><b>Central America+Nicaragua</b></p> <p><b>LAIF - KfW-01 - Central America</b></p> <p><b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b></p> <p><b>PRODECOOP - Nicaragua</b></p>
JC 2.5	<p><i>The potential synergies of the Commission with other actors and other types of Commission support geared its decisions on the nature of the support it would provide.</i></p>
Findings at JC level	<p>Potential synergies and complementarities with other Commission interventions of interventions of other donors are often mentioned <b>but no evidence that these have actually geared Commission’s support.</b> The exception being the programme funded by the LAIF where the commission’s support was requested to complement the actions of financing institutions (blending of grants and loans).</p> <p>Difficulty to create synergies also in the absence of coordination by the GoN:</p>

	<i>"There are 9 sector tables with the GoN, two, three are very good in terms of coordination but all the other not working so PSD not an exception."</i> (MN731)
I-2.5.1	Commission documents that lay down the overall (not country specific) PSD strategy of the Commission require that the Commission PSD strategies and interventions are chosen on the basis of, among other things, synergies with support provided by other actors or other types of Commission support
I-2.5.2	CSPs/RSPs and programming documents highlight synergies with support provided by other actors or other types of Commission support
I-2.5.3	Stakeholders consider that synergies with support provided by other actors or other types of Commission support been a key criterion for deciding on the nature of the support to be provided
I-2.5.1	<b>Central America+Nicaragua</b>
	<b>LAIF - KfW-01 - Central America</b>
	<b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b>
	<b>PRODECOOP - Nicaragua</b>
I-2.5.2	<p><b>Central America+Nicaragua:</b></p> <p><u>For the period 2002-2006:</u> As mentioned above, Commission's support to PSD consists in investing in vocational training and the CSP <b>highlights synergies with both other donors and other Commission's actions:</b></p> <p><i>"A number of donors are already active in the education sector (most in basic education), but the EC has built up good experience both of basic education and vocational training, where the need is great and projects few"</i> (p.24)</p> <p><i>"Along with other donors, in particular member states, the Commission will support the educational sectoral policy of Nicaragua within the framework of the PRSP. In addition of this part, a number of actions are already planned within the PRRAC."</i> (p.24)</p> <p>With respect to the support to <i>"introducing a more competitive environment"</i> under the non-focal sector <i>"regional integration"</i>, <b>no mention of synergy is made.</b></p> <p><u>For the period 2007-2013:</u> <b>General statement highlighting complementarity but no mention of synergies.</b> Yet, in light of other donors' action and Government's plan, <b>Commission wants to prioritise</b> in the sector of education, among others: <i>"vocational education and training linked to employment"</i> (p.22)</p> <p><b>No complementarity or synergy highlighted with respect to the support <i>"to improve business and investment climate"</i>.</b></p> <p><b>At the regional level,</b> complementarity with EU MS is emphasised: <i>"The involvement of Member States in supporting the regional integration process in Central America is politically important but financially insignificant."</i> (RSP 2002-2006, p.26)</p> <p><b>LAIF - KfW-01 - Central America:</b></p> <p>As mentioned above the programme was developed within the framework of the</p>

	<p>official Development Cooperation between Germany and CABEL and so the intervention financed by the LAIF wich consists in TA and feasibility studies <b>will complement the action financed by the KfW</b> and the CABEL wich consists in financing environmental investments.</p> <p><b>No mention is made of other Commission's intervention.</b></p>
	<p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b>  <b>Numerous synergies are emphasised in the AF with both:</b></p> <ul style="list-style-type: none"> <li>• <b>Other Commission programmes: Regional:</b> Programme d'Appui à la Conception et la Mise en œuvre de Politiques Communes en Amérique Centrale (ADAPCCA); Programme d'Appui à l'Union Douanière d'Amérique Centrale ; le programme Al-Invest III et l'établissement d'Eurocentres qui favorisent la relation entre des entreprises européennes et locales ; and <b>National :</b> le PAICEPAN qui appui le système de qualité de quatre produits agricoles d'exportation ; l'appui budgétaire sectoriel de la CE au PROMIPYME (<b>Same ITA for this programme and the SBS</b>).</li> <li>• <b>Other donors' programmes:</b> USAID et le programme Compte du Millénaire; Banque Mondiale et le programme d'appui à la compétitivité du Nicaragua : PROCOMPE II; Banque Interaméricaine de Développement administre le crédit PAIT pour l'innovation technologique.</li> </ul> <p><b>These synergies are confirmed by the ROM exercise.</b></p>
	<p><b>PRODECOOP – Nicaragua:</b>  <b>Potential synergies not highlighted</b> in the programming documents and ROM exercise that <i>“the project does not have a specific strategy in order to improve donors’ coordination in the region”</i>. (BCS, 796556)</p>
I-2.5.3	<p><b>Central America+Nicaragua</b></p> <p><b>LAIF - KfW-01 - Central America</b></p> <p><b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b></p> <p><b>PRODECOOP - Nicaragua</b></p>
JC 2.6	<p><b><i>The Commission's PSD strategies and programming were clearly prioritised and part of a wider Commission strategy in the country/region</i></b></p>
Findings at JC level	<p>The Commission's PSD strategies and programming were <b>clearly part of a wider Commission strategy</b> notably the signing of the Association Agreement between the EU and CA <b>but in none of the cases were they prioritised.</b></p>
I-2.6.1	<p>Commission strategy/programming documents explain how the Commission's PSD strategy fits into the wider Commission's country/regional strategies and priorities</p>
I-2.6.2	<p>Commission strategy/programming documents explain how the Commission's have been prioritised with regard to the PSD needs of the country</p>
I-2.6.3	<p>Stakeholders consider that the Commission's PSD support was part of a wider prioritised approach of the Commission in the country/region as well as prioritised with respect to PSD need of the country</p>
I-2.6.4	<p>A methodological procedure has been adopted for selecting areas of intervention</p>

	per country, as per the 2005 Evaluation Recommendation RI-1, including: an assessment of priority needs; selection of interventions with Commission comparative advantage; and an assessment of whether pre-conditions of intervention are met
I-2.6.1	<p><b>Central America+Nicaragua:</b></p> <p><u>For the period 2002-2006:</u> Commission's support in human capital <b>is related to the overall (not Commission specific) PRSP strategy:</b></p> <p><i>"Human capital will be the second focal sector of the EC response to government strategy, just as it is the second pillar of the PRSP." (p.24)</i></p> <p>Commission's support in <b>"introducing a more competitive environment"</b> under the non-focal sector "regional integration) is related to the Commission's strategy at the national level:</p> <p><i>"In March 2001 a regional Memorandum of Understanding was signed. It earmarks an indicative amount of €74.5 million for coherent integration programmes over the period 2000-2006." (p.26)</i></p> <p><u>For the period 2007-2013:</u> With respect to Commission's support in human capital more reference is made to the <b>overall (not Commission specific) strategy of achieving the MDGs.:</b></p> <p><i>"The EC contribution will help Nicaragua to achieve the MDGs related to education." (p.26)</i></p> <p>With respect to Commission's support in economic and trade issues (which includes PSD support "appui au climat des affaires") <b>a link is established with the wider trade strategy of signing an Association Agreement between the EU and Central America:</b></p> <p><i>"[I]ndicators have also to be developed according to the integration agenda, and the requirements linked to the future negotiation of an Association Agreement between Central America and the European Union." (p.27)</i></p> <p><b>At the regional level,</b> the link is also established with the <b>signing of the Association Agreement:</b> <i>"an EU-CA Association Agreement, including a Free Trade Agreement, is the fundamental <b>common strategic objective of both regions.</b>" (Bold not in original text) (p.19)</i></p> <p><b>LAIF - KfW-01 - Central America:</b></p> <p>No reference to strategic documents only reference to the challenges raised by the signing of <b>Association Agreement</b> between the EU and CA and the fact that this programme help SMEs facing these challenges in terms of competitiveness.</p> <p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b></p> <p>The programming documents establish <b>a link between the programme and the CSP 2007-2013 and the overall trade strategy:</b></p> <p><i>"Ce projet qui s'inscrit dans la sous rubrique "Appui au climat des affaires" du CSP 2007-2013, cherche être aligné sur la stratégie nationale du gouvernement et aspire à contribuer à l'amélioration du climat affaires, des investissements et de la compétitivité au Nicaragua." (FA, p.3)</i></p> <p><i>« Le présent projet devrait faciliter le Gouvernement du Nicaragua dans le respect de ses obligations légales et de délais découlant des accords internationaux en matière du climat des</i></p>

	<i>affaires.</i> » (FA, pp. 1-2)
	<b>PRODECOOP – Nicaragua:</b> See I-2.1.2
<b>I-2.6.2</b>	<p><b>Central America+Nicaragua:</b> For the period 2002-2006: Commission's support in human capital has been prioritised according to the national plan in education as well as other donors' activities: <i>"Operations are to be carried out within the framework of the "National Education Plan 2001-2015" with a marked sectoral approach. Action will be geared to the private sector and its needs, above all in the matter of vocational training." (p.24)</i></p> <p>For the period 2007-2013: With respect to Commission's support for vocational training see I-2.5.2. With respect to Commission's support for economic and trade issues notably <i>"helping to improve business and investment climate"</i>, the CSP informs that <b>a needs assessment will be carried out:</b> <i>"This component will be further elaborated on the basis of a Trade Need Assessment study which will be carried out no later than 2007." (p.27)</i></p> <p><b>At the regional level, no evidence</b> is given with respect to PSD needs of the region.</p>
	<b>LAIF - KfW-01 - Central America:</b> No evidence of prioritisation
	<b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> Description of the different interventions and synergies between them <b>but no information on how they have been prioritised according to the country's PSD needs.</b>
	<b>PRODECOOP – Nicaragua:</b> No evidence of prioritisation
<b>I-2.6.3</b>	<b>Central America+Nicaragua</b>
	<b>LAIF - KfW-01 - Central America</b>
	<b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b>
	<b>PRODECOOP - Nicaragua</b>
<b>I-2.6.4</b>	<p><b>Central America+Nicaragua:</b> For the period 2002-2006: No evidence that such methodological procedure has been followed <b>but document drafted prior to 2005.</b></p> <p>For the period 2007-2013: No reference to a methodological procedure but, as mentioned above, <b>Commission's added value emphasised when supporting vocational training</b> (see I-2.4.1).</p> <p>With respect to Commission's support to economic and trade issues, a <b>criterion for selection of intervention areas is "the coherence with international and regional commitments"</b> (notably the signing of the Association Agreement) and a <b>need assessment study is planned to further determine priorities.</b> In the meantime a range of actions is listed in the CSP:</p>



	<p><i>“The different items to be considered could be:</i></p> <ul style="list-style-type: none"> <li><i>i) supporting the fulfilment of regional and international commitments,</i></li> <li><i>ii) supporting the design of an environment-friendly industrialisation scheme, including normative, etc.,</i></li> <li><i>iii) exchange of experience between Nicaraguan and European actors,</i></li> <li><i>iv) supporting small and medium-sized enterprises strategy,</i></li> <li><i>v) ad hoc actions to support professional organizations in providing services (i.e. management advice),</i></li> <li><i>vi) norms and standards and support to customs administrations in order to promote trade facilitation and the acceptance of international standards such as the WCO Framework of Standards to Secure and Facilitate Global Trade,</i></li> <li><i>vii) actions to help compliance with international labour standards.” (p.27)</i></li> </ul> <p><b>At the regional level, no reference to the 2005 Evaluation Recommendation but strategy takes into consideration a joint assessment of regional economic integration:</b></p> <p><i>“[T]he joint assessment of regional economic integration in Central America carried out by the ad hoc Joint Working Group in 2005 and 2006 has provided a clear picture of the region’s challenges in order to reach higher levels of economic integration;” (RSP 2007-2013,p.20)</i></p> <p><b>LAIF - KfW-01 - Central America:</b> No evidence of a methodological procedure</p> <p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> <b>No description of a methodological procedure but reference to the 2005 Evaluation plus needs of the country taken into account</b> (reference to World Bank ranking of “Doing Business in” and analysis of why this index and the Competitiveness Global Report index remain weak. (AF, p. 2), <b>and activities of the programmes in areas where the Commission has a comparative advantage.</b></p> <p><b>PRODECOOP – Nicaragua:</b> No evidence of a methodological procedure</p>
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<b>JC 2.7</b>	<b><i>The Commission designed its PSD support so as to promote gender equality, good governance, and combat environmental degradation and HIV</i></b>
<b>Findings at JC level</b>	<p>Cross cutting issues have been taken into account by Commission's support to PSD in varying degrees. <b>Very little attention has been given to HIV</b> on one end of the spectrum while <b>considerable efforts were made to favour the environment</b> with two interventions (PRODECOOP and LAIF) having the environment as a core component of their project. PRODECOOP encouraging the production of organic coffee using environmental friendly modes of production and LAIF encouraging the investment of SMEs in efficient and renewable energy. <b>Gender and good governance being somewhere in the middle of the spectrum</b>, i.e. taken into account but not in a systematic fashion.</p> <p>Even though it is true that the CSP 2007-2013 has a gender profile (the only CSP for Latin America to have such an annex).</p>
<b>I-2.7.1</b>	Commission strategy/programming documents explain how the Commission's PSD strategy and specific intervention will contribute to the above mentioned crosscutting issues
<b>I-2.7.2</b>	Stakeholders consider that when designing its support, the Commission took into account the above mentioned cross-cutting issues
<b>I-2.7.1</b>	<p><b>Central America+Nicaragua:</b></p> <p><u>For the period 2002-2006: General statement (not PSD related) on the inclusion of CCIs</u> at "all phases of the identification, formulation and implementations of programmes" (p.30) Worth noting that <b>regional integration</b> and <b>information and communication technologies</b> considered as CCIs.</p> <p><u>For the period 2007-2013: Importance of CCIs reaffirmed including in PSD related assistance:</u></p> <p><i>"Any cooperation activity must be consistent with a number of cross-cutting issues for which a specific analysis will be carried out, in particular the <b>environment, gender, regional integration, and trade and development.</b>" (p.19)</i></p> <p>The CSP contains an annex (p.46) giving an <b>overview of gender aspects in Nicaragua that are relevant for PSD support.</b></p> <p>Furthermore, the CSP informs that <b>HIV/AIDS will be targeted in the focal sectors:</b> <i>"An assessment is made of the risks and opportunities in the proposed focal sectors for combating HIV/ AIDS and other diseases" (p.24)</i></p> <p><b>At the regional level,</b> these CCIs are to be taken into account but no specific mention of PSD support.</p> <hr/> <p><b>LAIF - KfW-01 - Central America:</b></p> <p>CCIs not mentioned in the programming document with the <b>exception of environment which is at the core of the project</b> as the overall objective of the programme is: <i>"To contribute to a reduction in energy consumption, a reduction in emissions of CO2 and thus to an improvement of the environmental situation in the region."</i></p> <hr/> <p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b></p>

	<p>According to <b>ROM exercise</b>:</p> <ul style="list-style-type: none"> <li>• Gender: Besides the desire to develop a national policy of “<i>Responsabilité Sociale des Entreprises (RSE)</i>” and to support RSE projects, <b>the programme has not explicitly taken gender into account</b>. For example, gender equity could have been introduced in the result on human resources training according to monitor (BCS 120221.02), or there is an indicator on gender but no activities related to it....</li> <li>• HIV: <b>Not taken into account</b> besides the desire to develop RSE.</li> <li>• Good governance: <b>Taken into account</b> in the sense that the improvement in the legal and institutional frameworks and the decentralisation of services to enterprises are considered as promoting good governance.</li> <li>• Environment: <b>Yes the programme does promote the environment</b>. For ex. Activity under Result 1:  <i>“Renforcement de la capacité des organismes nationaux chargés du contrôle de l'application des normes environnementales.” (p.6)</i></li> </ul>
	<p><b>PRODECOOP – Nicaragua:</b>  Evidence that both <b>Gender and Environment have been taken into account</b>:  <b>Environment:</b> the project seeks to develop the production of organic coffee  <b>Gender:</b> the project seeks to improve the organisational base of the cooperatives notably with respect to gender equality. While progress has been made on this front with women increasingly playing leadership roles inside the cooperatives, their role has not yet been valued within the families of small producers affiliated to the cooperatives.</p>
I-2.7.2	<p><b>Central America+Nicaragua:</b> According to Commission’s staff, HIV is not a problem as acute in Nicaragua as it is in the African Context. (MN 731)</p>
	<p><b>LAIF - KfW-01 - Central America</b></p>
	<p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b>  CCIs not prominent in programming but given importance at implementation level (e.g. women cooperatives, SMEs must be registered at INSEE and respect labour standards) (MN720)</p>
	<p><b>PRODECOOP - Nicaragua</b></p>
<b>JC 2.8</b>	<p><i><b>The Commission PSD activities have contributed to the decent work agenda and/or the improvement of core labour standards and rights of the worker</b></i></p>
<b>Findings at JC level</b>	<p>Decent work and the improvement of core labour standards was <b>more of a concern over the second programming period</b>. But the issue was not targeted at a macro level or national scale.</p>
<b>I-2.8.1</b>	<p>EC macro-economic and policy interventions targeted the decent work agenda and/or improvement of core labour standards and social governance in beneficiary countries during the evaluation period</p>
<b>I-2.8.2</b>	<p>Regulations passed on core labour standards and/or social governance in beneficiary countries during the evaluation period</p>

<p><b>I-2.8.1</b></p>	<p><b>Central America+Nicaragua:</b>  <u>For the period 2002-2006:</u> No evidence of core labour standards and social governance being targeted  <u>For the period 2007-2013:</u> <b>Core labour standards considered as CCIs</b> this notably explains why the <b>“maquilas” scheme is excluded</b> from the focal sector “economic and trade issues” (p.12, p.27):  <i>“Other human-rights related issues such as children’s rights, indigenous people, core labour standards, etc are other important cross-cutting issues and should be addressed equally.” (p.24)</i></p> <p><b>At the regional level, core labour standards also considered as a CCIs:</b>  <i>“Others issues which should be appropriately addressed by the RSP: [...] promotion of and respect for human rights (such as children’s rights, indigenous people, core labour standards, etc.)” (CSP 2007-2013, p.29)</i></p> <hr/> <p><b>LAIF - KfW-01 - Central America:</b>                  Decent work agenda and core labour standards are not tackled by the intervention</p> <hr/> <p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b>                  As mentioned above, the programme <b>does target the decent work agenda.</b> Activity under Result 3: <i>“Formulation d’une politique nationale de Responsabilité Sociale des Entreprises (RSE) et appui à des projets de RSE visant à l’amélioration des conditions de travail, à travers des organisations professionnelles soutenues.”</i> But <b>according to ROM exercise</b>, if the programme has made some progress on this front it <b>cannot pretend to establish a national policy.</b> A more promising characteristic of the programme is that it has evolved to <b>include also the informal sector</b> and that <i>“this should guarantee in some way the defense of worker’s rights” (BCS120221.02)</i></p> <hr/> <p><b>PRODECOOP – Nicaragua:</b>                  No improvement on a national scale but the fourth Expected Result <i>“Les coopératives impliquées ont une base organisationnelle plus solide, équitable et solidaire qui leur permet de donner une certaine pérennité sociale à leurs actions.”</i> does tackle the issue of labour standards in the cooperatives. According to ROM exercise, progress made on this front was evaluated at 60%.</p>
<p><b>I-2.8.2</b></p>	<p><b>Central America+Nicaragua:</b>                  No evidence of this.</p> <hr/> <p><b>LAIF - KfW-01 - Central America</b></p> <hr/> <p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b>                  No evidence so far.</p> <hr/> <p><b>PRODECOOP – Nicaragua:</b>                  No evidence of this.</p>

EQ 3	To what extent did the set of Commission funding vehicles and aid modalities for supporting PSD strategies and activities of partner countries and regions result in the provision of timely responses at a reasonable cost to the challenges faced by the private sector in third countries, while fostering synergies among each other and with vehicles offered by other actors?
Other relevant information (not captured elsewhere)	<p>The amount of aid given by the EU makes its a <b>significant player in Nicaragua</b>:</p> <p><i>“The level of cooperation between the European Union and Nicaragua, the highest in Latin America, is linked to Nicaragua’s high levels of poverty and to European countries’ willingness to consolidate democracy and implies a substantial political dialogue. The European Union (Member States and Commission) accounts for more than 50% of total cooperation aid to Nicaragua, and is a key actor in development.” (CSP 2007-2013, p.7)</i></p>
JC 3.1	<b><i>The set of funding vehicles or aid modalities developed by the Commission at general level to support partner country PSD strategies and activities aimed at covering the range of challenges faced by the private sector in third countries, while bearing in mind efficiency and synergies</i></b>
Findings at JC level	<p>Almost none of the strategy and programming documents discussed how instruments and modalities at general level aimed at covering challenges in third countries. The exception being the CSP of the second programming period emphasising <b>how the set of instruments/modalities needed to evolve in order to address the needs of PSD, meaning a shift from project approach to budget support</b>. This view not shared by a Commission’s representative who agreed on the need to move towards a more sectoral approach <b>but not necessarily through BS as PSD requires that different stakeholders be involved including private sector actors that cannot easily be targeted by BS</b>.</p> <p>Other Commission’s staffs emphasised that <b>despite the wide variety of instruments that the Commission possesses, it was not easy to directly tackle actors of the PS as the Commission must sign an agreement with the Ministry of Foreign Affaires</b> for its bilateral cooperation. (MN 710, MN 731)</p>
I-3.1.1	Documents outlining the rationale of each modality/ instrument with respect to PSD identify the specific challenges to which it should respond
I-3.1.2	Commission documents explain how the <u>set</u> of instruments/modalities covers the needs of the private sector in a comprehensive manner, while fostering efficiency and synergies
I-3.1.3	Stakeholders consider that the Commission’s set of instruments was designed with a view to tackle challenges while fostering efficiency and synergies
I-3.1.1	<b>Central America+Nicaragua:</b>
	<b>LAIF - KfW-01 - Central America</b>
	<b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b>
	<b>PRODECOOP - Nicaragua</b>

I-3.1.2	<p><b>Central America+Nicaragua:</b></p> <p>More an explanation on <b>how the set of instruments/modalities needed to evolve in order to address the needs of PSD:</b></p> <p><i>“For improving the business and investment climate, a first TRTA [Trade-related Technical Assistance] project has been financed under the 2002-2006 CSP (supporting agricultural export to fulfill EU sanitary and phytosanitary regulations). However this is a very specific matter, and there is a need for a larger perspective. Nicaragua’s commitment to regional integration, is now unequivocal [...]” (p.27)</i></p> <p>Such change in perspective explains the <b>shift to budgetary sector support.</b></p> <p><b>LAIF - KfW-01 - Central America:</b></p> <p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b></p> <p><b>PRODECOOP - Nicaragua</b></p>
I-3.1.3	<p><b>Central America+Nicaragua:</b></p> <p>According to a Commission’s representative, the move towards a sector approach is logical but <b>BS is not the best suited modality for supporting PSD as PSD require different stakeholders to be involved including private actors:</b></p> <p><i>Following a sector approach is a logical choice: it link projects more closely to existing sector strategies and it supports national and local authorities. Whether you do this through budget support or project support is different, especially in the case of PSD: I feel there are limits to BS in PSD: PSD can be supported at different levels and should involve different actors: public actors but also private actors (microfinance institutions or intermediary organizations) which are not easily targeted by BS. In other words BS is a more logical choice for sectors where public authorities have a clear role to play such as education or health. But I am not sure BS can support all levels involved in PSD. Furthermore, BS is linked to the quality of national authorities’ plans/strategies and their capacity (often they are weak).</i></p> <p><i>(MN 702)</i></p> <p><b>LAIF - KfW-01 - Central America</b></p> <p><b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b></p> <p><b>PRODECOOP - Nicaragua</b></p>
JC 3.2	<p><b><i>When designing its support for partner country PSD strategies and activities in specific countries or regions, the Commission’s choice of funding vehicles or aid modalities was geared towards the specificity of challenges, the expected efficiency and the potential synergies with other vehicles or modalities</i></b></p>
Findings at JC level	<p><b>There was indeed an effort to chose the instruments and modalities according to the the specificity of challenges</b> (for example those challenges created by international integration), <b>the expected efficiency</b> (for example the leverage effect with respect to the LAIF programme) <b>and the potential synergies</b> (with other Business Climate interventions). But if implementation went according to plan in the case of LAIF and Central America, it was not the case at the level of Nicaragua <b>where political problem combined with problems of public finance management prevented to aply the strategy foreseen</b> (as exposed in the CSP) notably in terms of moving from project approach to budget support.</p>

I-3.2.1	Justification of the choice of instruments in strategy and programming documents at country/regional level
I-3.2.2	Justification of the choice provided by Commission representatives
I-3.2.1	<p><b>Central America+Nicaragua:</b></p> <p>As suggested above, <b>there was a shift from TA and project-based approach towards sector-oriented approach notably to respond to the wider challenge of regional integration.</b></p> <p>Furthermore the CSP 2007-2013 informs that such <b>shift was justified by the 2002 evaluation of the ALA instrument</b> which recommended for Nicaragua <i>“upgrading to sector approaches and budget support [...]:</i></p> <ul style="list-style-type: none"> <li>-to have greater impact,</li> <li>-lower transaction costs,</li> <li>-reduce fragmentation of activities,</li> <li>-help tackle the root of problems- including corruption and low institutionalisation -,</li> <li>-and improve ownership and dialogue between stakeholders, the Government and the donor community.” (p.15)</li> </ul> <p>In addition, the CSP <b>criticises the project-based approach</b> in general for being disconnected from national policies:</p> <p><i>“What we call a project-based approach is a financing through projects where identification and feasibility is made according to the availability of funds, and often irrespective of the sectoral policies of the country.” (p.16)</i></p> <p>However due to <b>political problems</b> (election fraud during the November 2008 elections) and the fact that <b>public finances were no longer transparent</b>, the idea to use <b>BS was given-up.</b></p> <p>Finally, CSP mentions <i>“Activities financed under other EC programmes and instruments”</i>, two <b>may have potential synergies with PSD support:</b> the regional integration addressed by <i>“the Regional Strategy Paper”</i> and <i>“the Higher Education and R&amp;D”</i> programme to complement vocational training. (p.29)</p> <p>With respect to regional integration, <b>the RSP 2002-2006 informs of the possibility to transfer budget allocated at the national level to the regional level and vice-versa:</b></p> <p><i>“This regional strategy is coherent with national strategies, whereby the Country Strategy Papers allow for the possibility of allocating part of the budget to the regional integration sector and, vice versa, the possibility of utilising part of the regional budget for the implementation at national level of common policies which facilitate the integration process.” (p.25)</i></p> <p><b>LAIF - KfW-01 - Central America:</b></p> <p>The justification given to chose LAIF for financing this project is <b>that it complies with the LAIF strategic orientations and objectives</b> supporting 3 of them, i.e.:</p> <ul style="list-style-type: none"> <li>• <b>SME development</b></li> <li>• <b>Investment in Renewable energy</b></li> </ul>

	<ul style="list-style-type: none"> <li>• <b>Regional integration</b> <i>(Contribution request A1 to the LAIF's Board, p.12)</i></li> </ul> <p>Reference also to the <b>complementarity</b> between the <b>TA and studies financed by the LAIF and the loans provided by finance institutions (KfW and CABEI)</b>. This pooling of funds is also in line with LAIF objectives.</p> <p><b>And finally the fact that it was an efficient tool in the sense that it had a strong leverage effect:</b> The LAIF grants contributes to leverage €33,33M of loans when it only consisted in €3M.</p> <p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> The Identification Fiche informs that 70% of the Business and Climate Programme (BIC) will be implemented <b>through a SBS</b> in support of the PROMIPYME government development programme and that the remainder will be implemented as <b>Technical Assistance BIC Project</b> (the selected intervention).</p> <p><b>3 Justifications given for this choice of modality in the IF:</b></p> <ul style="list-style-type: none"> <li>• <b>Aid effectiveness:</b> <i>“The 70 % is in line with the proportion suggested in the EC commitment on Indicators for Aid Effectiveness of the Paris Declaration.”</i></li> <li>• <b>Absorption capacity of Nicaraguan institutions and problema of coordination:</b> <i>“Nicaraguan institutions do not seem to have the absorption capacity to implement all available BIC funds through projects in a time frame of three years, and that there are already too many similar initiatives from other donors sometimes without proper coordination by the public authorities.”</i></li> <li>• <b>National Sector Policy strong enough to adopt a SBS:</b> <i>“the PROMIPYME appears to provide a sufficient basis to consider a Sector Budget Support Programme”</i></li> </ul> <p><b>Synergies between the BIC interventions</b> could have also be put forward as a justification. The AF informs in this respect that the selected intervention and the SBS will have the same ITA: <i>“Par conséquent, l'Assistance Technique Internationale à recruter pour le présent projet devra aussi assurer le suivi technique de l'appui budgétaire sectoriel de la CE au PROMIPYME.” (AF, p.4)</i></p> <p>However, as mentioned above, SBS was not used in the end and the programme was implemented through a Project approach with a partially decentralised management (Devis-programme).</p> <p><b>PRODECOOP – Nicaragua:</b> No evidence of such justification</p>
<p><b>I-3.2.2</b></p>	<p><b>Central America+Nicaragua:</b> The pooling of funds described with the LAIF project confirmed by Commission's representative who explained that <b>this type of facilities allowed the Commission to intervene at the micro level in an efficient way:</b> i.e. financing the TA with <b>grants</b> that is to complement the investment actions undertaken by</p>



	finance institutions ( <b>loans</b> ). (MN 702)
	<b>LAIF - KfW-01 - Central America:</b>
	<b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b>
	<b>PRODECOOP - Nicaragua</b>
<b>JC 3.3</b>	<b><i>The level at which the Commission intervened (national, regional, supra-regional) was appropriate to meet the specific challenges in terms of PSD</i></b>
<b>Findings at JC level</b>	The Commission intervened at sub-national (Northern region of Nicaragua), national and regional level (Central America) and <b>provided each time a justification for selecting the level of intervention.</b>
<b>I-3.3.1</b>	Strategy and programming documents show evidence that the intervention level was selected on the basis of a consideration of the challenges being addressed.
<b>I-3.3.2</b>	Stakeholders consider that the selection of intervention levels made by the Commission across the board of its PSD interventions, has been appropriate to the challenges being addressed
<b>I-3.3.3</b>	Stakeholders consider that the selection of intervention levels made by the Commission has enabled synergies and cross-fertilisation to develop between countries and regions.
<b>I-3.3.1</b>	<p><b>Central America+Nicaragua:</b></p> <p>As mentioned above, PSD support is faced with the challenge of regional integration:</p> <p><u>For the period 2002-2006:</u> As mentioned above, <b>regional integration is considered as a CCI</b> furthermore “<i>National contributions to regional projects and in particular regional integration</i>” <b>is a non-focal sector</b>; one of the areas tackled is <b>the introduction of a more competitive environment.</b> (p.26)</p> <p>Furthermore, the CSP informs that “<b><i>Sub-regional strategies will also be produced</i></b>” but no mention on how these will fit within the wider strategy.</p> <p><u>For the period 2007-2013:</u> <b>Importance of regional integration</b> reasserted (still considered as a <b>CCI</b>). Furthermore, CSP <b>emphasises complementarity between national PSD related support and regional PSD related support:</b></p> <p><i>“Proper integration with Central America is an essential complement to the three sectors identified [two are PSD related], and fundamental if it is to take advantage of the opportunities of a global economy and correct possible losses of competitiveness. The Commission is supporting regional integration at Central American level, but this issue should also be considered at national level and incorporated into other activities.” (p.24)</i></p> <p>As mentioned under I-3.2.1, RSP 2007-2013 confirms complementarity of strategies at both level (national and regional) when it comes to regional integration.</p> <p><b>LAIF - KfW-01 - Central America:</b></p> <p>Interesting to note that Contribution Request template used for the LAIF has a section on “<b>subsidiarity aspects</b>”. Under this section is listed the fact that the <b>high dependence on oil is verified at the level of Central America</b> and that the</p>

	<p>whole region needs to explore alternative sources of energy. There is also reference to the <b>Association Agreement signed with Central America</b>.</p> <p><b>All this justify that the action be taken at the regional level.</b></p> <p><i>(Contribution request A1 to the LAIF's Board, p.3)</i></p>
	<p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b></p> <p>Programming documents are <b>consistent with the national and regional strategy documents</b> and reassert <b>relevance of intervention level and synergies between the different intervention.</b></p> <p>The AF states in this respect: <i>“l'intégration régionale a été un point d'attention particulier dans les relations de coopération avec l'Amérique Centrale, à travers la mise en œuvre de la stratégie régionale 2002-2006 et de la préparation du <b>RSP 2007-2013</b>. Au niveau national, les nouvelles stratégies (CSP) pour les 6 pays de la région prévoient des appuis à l'amélioration du climat d'affaires, le respect de leurs engagements régionaux et internationaux, la promotion de la compétitivité des entreprises de la région <b>afin de pouvoir profiter au maximum des bénéfices d'un futur accord d'association entre l'UE et l'Amérique Centrale</b> ainsi que pour faciliter l'approfondissement du processus d'intégration économique régionale”</i> (Bold not in original text) (AF, p.3)</p>
	<p><b>PRODECOOP – Nicaragua:</b></p> <p>Programming documents <b>justify for intervening at the sub-national level</b> (northern region of Nicaragua) in the coffee production zones because coffee is responsible for 20% of the total value of exports but at the same time these regions lack basic infrastructures and services.</p>
I-3.3.2	<p><b>Central America+Nicaragua</b></p> <p><b>LAIF - KfW-01 - Central America</b></p> <p><b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b></p> <p><b>PRODECOOP - Nicaragua</b></p>
I-3.3.3	<p><b>Central America+Nicaragua</b></p> <p><b>LAIF - KfW-01 - Central America</b></p> <p><b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b></p> <p><b>PRODECOOP - Nicaragua</b></p>
<b>JC 3.4</b>	<b><i>The implementation showed that funding vehicles or aid modalities were appropriate to tackle challenges and to do so efficiently and in synergy with other vehicles</i></b>
<b>Findings at JC level</b>	The CSP 2007-2013 list a series of evaluation results that have been critical in terms of the efficiency and synergy between instruments used in cooperation with Latin America. These <b>negative results have notably motivated the move towards sector-oriented approach and BS</b> . But, as mentioned above, delivery modalities had to be revised drastically in Nicaragua following political events in the country and this has had a negative impact both in terms of efficiency and synergies that had been foreseen and were no longer possible (between SBS and TA for ex.)
<b>I-3.4.1</b>	Evidence provided in reports on the support concerning the appropriateness of

	instruments/modalities, their efficiency and synergies with other instruments/modalities
I-3.4.2	Stakeholders consider that instruments (specific instruments and/or the set of instruments) were appropriate and enhanced efficiency and synergies
I-3.4.1	<p><b>Central America+Nicaragua:</b></p> <p>The CSP 2007-2013 provides some <b>results of different thematic evaluations with respect to the efficiency and synergies of instruments/modalities</b> (but not PSD specific):</p> <p><i>“• <b>Too many projects are deficient or not consistent with cooperation priorities and national policies.</b> This is more the case for projects implemented under the thematic budget lines. Furthermore, consistency between projects financed under the same budget line has been insufficient.</i></p> <ul style="list-style-type: none"> <li>• <i>Too many projects are <b>deficient because the complexity of implementation</b> has been underestimated. The identification phase suffers from severe weaknesses, which has led to delays in the execution of projects. Administrative and financial control requirements have been very high; however, technical monitoring requirements have not been at the same level of scrutiny.</i></li> <li>• <i>The <b>“culture of evaluation” is not yet sufficient</b>, and the results of the evaluations and assessments have not been adequately taken into consideration.</i></li> <li>• <i><b>Policy dialogue has been poor</b>, and generally used for strictly political issues.</i></li> <li>• <i><b>Consistency between the projects financed under the thematic budget lines and the CSP has often been problematic,</b>” (p.16)</i></li> </ul> <p>The CSP goes on arguing that <b>the shift to sector approaches have brought some positive changes:</b></p> <p><i>“These results have led to the conclusion that more focus should be given to a limited number of sectors. The shift to sector approaches and budgetary support has brought a substantial change in cooperation with Nicaragua.” (p.16)</i></p> <p><b>HOWEVER, following political developments</b> in the country the Commission <b>had to suspend budget support disbursements</b> as mentioned in the Summary Mid-Term CSP Review Document:</p> <p><i>[A]s from early 2008, there have been growing concerns regarding the observance of underlying principles, such as respect of human rights, rule of law and democratic processes. Following the November 2008 municipal elections EC and the other donors decided to suspend budget support disbursements. This context has induced a thorough reflection on aid delivery modalities which is still on going.” (p.1)</i></p> <p><b>At the regional level</b>, no comprehensive ad hoc evaluation of regional cooperation had been done when the RSP 2007-2013 was drafted.</p> <p><b>However, the RSP emphasizes</b> (without entering into details) <b>complementarities with a number of regional cooperation programmes such as related to PSD:</b></p> <ul style="list-style-type: none"> <li>-AL –Invest</li> <li>-EIB financing under the “ALA III” mandate (2000-2007): <i>“Under these arrangements, the EIB funds are utilized to finance investments in countries signatories to cooperation agreements with the EU. There are no amounts allocated per country.</i></li> </ul>

	<p><i>Current activities in Central America, for a global amount of about €65 million, include energy interconnection at regional level, financing for small and medium-scale ventures and reconstruction schemes and/or private-sector development initiatives in areas affected by Hurricane Mitch.” (RSP 2007-2013, p.16)</i></p> <p><b>LAIF - KfW-01 - Central America:</b> The implementation of the action was to start on the 1<sup>st</sup> of January 2011* so even though the question of its design falls under our evaluation period and is interesting the implementation phase is out of scope and will not be considered. * The financing agreement (called in fact a “delegation agreement” between the Commission and KfW where KfW is the delegatee body) was signed in November 2010.</p> <p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> According to <b>ROM exercise:</b> The programme is given a <b>C in efficiency</b> and according to the monitoring this is <b>due mainly to the novelty of the “Devis Programme”</b> procedure used for this Project. The monitor is less critical of the instrument than the stakeholders he has interviewed notably <b>representatives of the Ministry of Industry and Commerce (MIFIC)</b> responsible for implementation who complained about the <b>cumbersome, rigid procedures</b> and about the fact <b>that they had to adapt to Commission’s procedures when it should be the other way around considering the commitments made in Paris and Accra.</b> (BCS 120221.02)</p> <p><b>PRODECOOP – Nicaragua:</b> The ROM exercise gives a “b” grade for efficiency. In other words <b>delays of several months</b> (see JC3.5) occurred but did not prevent the programme from achieving its objectives with fairly good grades according to ROM (R1: 95%, R2: 90%, R3: 50% and R4: 60%). <b>But no evidence given on the appropriateness of the instrument used or on synergies with other instruments.</b></p>
I-3.4.2	<p><b>Central America+Nicaragua:</b> <b>Difficulty to plan synergies between projects</b> that do not have the same cycle/timing, also some are centralized and there is a lack of information sharing between the different staffs in charge even though some improvements have been made with AI-Invest for example. (MN 731)</p> <p><b>But some synergies did happen at the implementation level</b> (MN 714, MN715)</p> <p>As mentioned under EQ2, the Commission stived to adopt a coherent approach to PSD and the programme <b>COMPETITIVIDAD was conceived as a follow-up of PRAMECLIM</b> so synergies were observed there: such as PRAMECLIM improving the regulatory framework and COMPETITIVIDAD attracting after foreign direct investment. (MN 717, MN 727)</p> <p><b>LAIF - KfW-01 - Central America</b></p> <p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> Lack of flexibility of this instrument (Programme Estimates) which creates</p>

	<p>problems at the stage of implementation e.g. for every single service a contract is required with the pressure of the D+3 rule; furthermore for each contract above 50.000€ a prior approval by the Commission is required. Finally, PE significantly increases workload at level of EU Del. (MN 731)</p>
	<b>PRODECOOP - Nicaragua</b>
<b>JC 3.5</b>	<b><i>Projects were implemented in line with planning, both in terms of timeliness and costs</i></b>
<b>Findings at JC level</b>	The <b>interventions selected all experienced some delays</b> (not clear with respect to LAIF what caused these delay as implementation phase is out of scope) even though these remained manageable. With respect to the two other interventions, <b>Commission procedures were put forward as a factor of delay. This observation is confirmed in the CSP 2007-2013.</b>
<b>I-3.5.1</b>	Stakeholders consider that timing and planning do fit requirements of private sector actors
<b>I-3.5.2</b>	Evidence provided in reports on the extent to which planned timing and costs were respected
<b>I-3.5.3</b>	Views of stakeholders on the extent to which planned timing and costs were respected
<b>I-3.5.4</b>	Factors having enhanced or hampered the respect of planning in terms of time and costs as displayed in reports and invoked by stakeholders
<b>I-3.5.1</b>	<b>Central America+Nicaragua</b>
	<b>LAIF - KfW-01 - Central America</b>
	<b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b>
	<b>PRODECOOP - Nicaragua</b>
<b>I-3.5.2</b>	<p><b>Central America+Nicaragua:</b> Based on several thematic evaluation, the CSP 2007-2013 <b>informs that implementations of projects have run into numerous problems:</b> <i>“Numerous specific problems have been encountered in implementing projects. In particular, recipients have expressed concerns about the heavy burden of EC procedures linked to project and programme financing and the existence of a kind of “control culture” which has led to delays during all phases of the project cycle.” (p.16)</i></p> <p>As mentioned under I-3.2.1, the <b>shift to SBS is meant</b> among other aspect to <b>“lower transaction costs”</b>.</p>
	<b>LAIF - KfW-01 - Central America</b>
	<b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> According to ROM exercise, <b>the programme experienced some delays even though these remain manageable for now.</b>
	<b>PRODECOOP – Nicaragua:</b> According to ROM exercise, <b>the programme experienced some delays</b> (several months) due to different factors:

	<p><b>Not related to procedures:</b> the production of coffee seedlings had to be postponed for approximately 6 months because the time for sowing (December) had just passed.</p> <p><b>Related to procedures:</b> an international tender call had to be organised to buy equipment and the stakeholders of the programme did not understand the <b>Commission procedures to organise such a tender plus the communication with the EUD was not sufficiently clear to overcome this problem rapidly.</b> (BCS 796556)</p>
I-3.5.3	<b>Central America+Nicaragua</b>
	<b>LAIF - KfW-01 - Central America</b>
	<b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> See I-3.4.2
	<b>PRODECOOP - Nicaragua</b>
I-3.5.4	<b>Central America+Nicaragua:</b> See I-3.5.2
	<b>LAIF - KfW-01 - Central America</b>
	<b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> According to ROM exercise there were <b>7 factors of delays</b> and <b>5 were linked to Commission's procedure and/or administration</b> : <ol style="list-style-type: none"> <li>1. <i>The novelty of the Devis-Programme procedures not understood by the partners of the programme</i></li> <li>2. <i>The Task Manager of the programme in the Delegation changed 4 times</i></li> <li>3. <i>The need to relaunch tenders because of the country eligibility clause</i></li> <li>4. <i>Calls that did not receive any proposals</i></li> <li>5. <i>The lack of responsiveness on the part of the implementing Ministry and of the Delegation when asked about clarifications on ToR or procedures</i></li> <li>6. <i>The budget restrictions experienced by Nicaragua in 2009 (notably with respect to its contribution to the programme)</i></li> <li>7. <i>The change of administrators of the ITA (BCS 120221.02)</i></li> </ol>
	<b>PRODECOOP – Nicaragua:</b> See I-3.5.2

<b>EQ 4</b>	<b>To what extent did the Commission contribute to make the institutional and regulatory framework more conducive to PSD?</b>
<b>Other relevant information (not captured elsewhere)</b>	<p>Even though the need “to promote a stable regulatory framework” is described in the CSP 2002-2006 as a medium-term challenge, <b>Commission’s support to this area is not described in the national strategy documents.</b></p> <p>It is only mentioned in the CSP 2007-2013 that Commission’s support will be “helping to improve business and investment climate”, and that <b>a needs assessment will be carried out</b> in this respect.</p> <p>This area is a focal sector at the regional level.</p>
<b>JC 4.1</b>	<b><i>The Commission support was geared to tackling the main institutional and regulatory obstacles to PSD</i></b>
<b>Findings at JC level</b>	<p><b>At the national level, Commission’s support was not geared to tackling main institutional and regulatory framework</b> even though one of the expected results of one of the selected intervention had such objective. <b>Evidence in the programming documents that members of the private sector were consulted.</b></p> <p>A study financed by the programme PRAMECLIM proposed regulatory reforms to address the main I&amp;R obstacles to PSD but not implemented yet (ownership on the part of the GoN?). A Commission’s staff reminds in this respect that the national government ultimately makes the decision in this domain:</p> <p><i>“[T]he Commission cannot lead these types of reform but can only contribute to them.” (MN731)</i></p> <p>An achievement was nevertheless the Law 645 even though it is not sufficiently disseminated and implemented:</p> <p><i>“Law 645 was approved in 2008 and it was the first time that such law was approved and is the result of the project PRAMECLIM to help develop the necessary environment for the development of SMEs. This law gives legal identity to what a SME is, a step towards normalisation of this sector.” (MN712)</i></p>
<b>I-4.1.1</b>	Identification of the main obstacles to PSD in terms of macro-economic environment and institutional and regulatory framework in the country/region in official documents /studies (national strategies or other documents/studies), including both the domestic environment and obstacles to the integration in regional and world economies
<b>I-4.1.2</b>	Commission strategy and programming documents refer to the obstacles mentioned in I-4.1.1 and gear the support to the removal of these obstacles (or justify alternative approaches)
<b>I-4.1.3</b>	The private sector was consulted for determining the priorities for helping remove the main institutional and regulatory obstacles to PSD
<b>I-4.1.4</b>	Stakeholders, and in particular the private sector, consider that Commission support was geared towards priorities for helping remove the main institutional

	and regulatory obstacles to PSD
I-4.1.5	Number of technical and economic analyses/fora covering major strengths and weaknesses of the private sector in third countries conducted with Commission support or, in the case of pre-existing studies and fora, utilised by the Commission in developing PSD activities targeting regulatory and institutional frameworks.
I-4.1.1	<p><b>Central America+Nicaragua:</b> At the regional level, <i>“institutional weakness”</i> considered as <i>“one of the fundamental difficulties facing the integration process”</i> (RSP 2002-2006, p.22). Not clear how this assessment was made. <b>Strengthening the institutional system is a focal sector under both periods.</b></p> <p>However, <b>not all actions relevant for PSD</b> as it is <b>integration in general that is targeted</b> here so the establishment of the PRACAMS (Programme to Support the Creation of a Regional System for Quality Control and the Application of Sanitary and Phytosanitary Measures in Central America) is relevant but the strengthening of the Central American Court of Justice, for example, isn't.</p> <p><b>LAIF - KfW-01 - Central America:</b> EQ not relevant for this intervention</p> <p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> Reference in AF and IF to <b>World Bank ranking “Doing Business In” and its analysis</b> of the causes for the low performance of Nicaragua. <b>Lack of legal and regulatory frameworks considered as obstacle to PSD:</b> <i>“[D]élais nécessaires pour légaliser une propriété, à la complexité des inscriptions et du démarrage de nouvelles entreprises [...]. En général, le cadre légal reste à mettre à jour, le Code du Commerce date par exemple de 1916.”</i></p> <p><b>PRODECOOP – Nicaragua:</b> Obstacles are identified in the programming documents:</p> <ul style="list-style-type: none"> <li>• <b>Macro-economic environment:</b> the coffee price crisis</li> <li>• <b>Institutional and regulatory framework:</b> the weakness of the State in implementing the new law on cooperatives with respect to their organisation and management.</li> </ul>
I-4.1.2	<p><b>Central America+Nicaragua:</b> See I-4.1.1</p> <p><b>LAIF - KfW-01 - Central America</b></p> <p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> One of the four expected results: <i>“Improve institutional and legislative framework of the business and investment climate”</i> was geared to tackled the obstacles described above.</p> <p><b>PRODECOOP – Nicaragua:</b> The <b>intervention takes the obstacles listed above into account:</b> By encouraging the production of organic coffee not affected by the price crisis like conventional coffee; by strengthening the organisational structure of cooperatives notably by creating an Incentive Fund with resources being</p>



	transferred from the Cooperative Central to the diferentes affiliated cooperatives. (BCS, 796556)
I-4.1.3	<b>Central America+Nicaragua:</b> No evidence of such consultation.
	<b>LAIF - KfW-01 - Central America</b>
	<b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> Evidence according to ROM exercise that the <b>private sector was consulted during the identification and design of the Project</b> (BCS 120221.02)
	<b>PRODECOOP – Nicaragua:</b> Evidence according to ROM exercise that cooperative representatives <b>were consulted during the identification and design of the Project but no evidence whether on institutional and regulatory issues</b> (BCS796556)
I-4.1.4	<b>Central America+Nicaragua</b>
	<b>LAIF - KfW-01 - Central America</b>
	<b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b>
	<b>PRODECOOP - Nicaragua</b>
I-4.1.5	<b>Central America+Nicaragua:</b> No evidence of such studies/fora
	<b>LAIF - KfW-01 - Central America</b>
	<b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> The analysis of the World Bank referred to above. Furthermore one of the activities of the programme is to convey <b>“fora/workshops and TA for the decision-makers of the sector notably to promote the adoption of laws, regulations affecting the business climate”</b> (AF, p;6)
	<b>PRODECOOP – Nicaragua:</b> The ROM exercise refers to a <i>“specific assessment”</i> but no information on its content.
<b>JC 4.2</b>	<b><i>The Commission has had strong policy dialogue on the institutional and regulatory frameworks</i></b>
<b>Findings at JC level</b>	As mentioned above, the move towards BS was notably meant to improve the policy dialogue with national authorities in general (not only on institutional and regulatory frameworks).  With respect, to institutional and regulatory framework, there is evidence however on <b>some commitment on the part of the government even though the Commission was not able to obtain a clear mapping of the institutional division of tasks and responsibilities in the sector. (MN 719)</b> . With respect to policy dialogue with other actors, even though the <b>Commission mention its comparative advantage (in relation to other donors) in the domain this has not meant that it has played a leadership role.</b>
<b>I-4.2.1</b>	Number, level and depth of contacts with public authorities
<b>I-4.2.2</b>	Number, level and depth of contacts with other policy actors (e.g. business

	associations, non-state actors, IMF/WB, other donors)
I-4.2.3	Evidence exists of Commission leadership in or contribution to dialogue with policy actors
I-4.2.4	Evidence exists of Commission contribution to private-public dialogue
I-4.2.1	<p><b>Central America+Nicaragua:</b> No evidence of such policy dialogue. One of the main risks associated with the response strategy of the Commission is precisely: <i>“Lack of political commitment and willingness to deepen regional integration; possible changes in government and political attitude towards regional integration [...]”</i> (RSP, 2007-2013, p.22)</p> <p><b>LAIF - KfW-01 - Central America</b></p> <p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> No evidence on the number of contacts with national authorities but <b>according to ROM exercise commitment on the part of national authorities to the programme reflected by its financial contribution</b> (even if budget under pressure) <b>and by the high-quality of the fonctionnaires that are assigned to the programme.</b> (BCS 120221.02)</p> <p><b>PRODECOOP – Nicaragua:</b> No evidence of such policy dialogue</p>
I-4.2.2	<p><b>Central America+Nicaragua:</b> No evidence</p> <p><b>LAIF - KfW-01 - Central America</b></p> <p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> <b>Evidence of contact with other donors</b> (EU and Non-EU) in the framework of this programme but no information on the importance of institutional and regulatory frameworks in this policy dialogue:</p> <p><i>“Les États Membres actuellement actifs dans la sous - table PME sont le Royaume-Uni, les Pays-Bas, l'Espagne, l'Allemagne et l'Autriche. La sub-mesa compte également avec la participation des organismes multilatéraux comme la Banque Mondiale, la Banque Interaméricaine de Développement (BID), le PNUD, l'ONUDI et la Commission Européenne. Ce projet s'insérera dans ce mécanisme de coordination existente.”</i> (AF, p.5)</p> <p><b>PRODECOOP – Nicaragua:</b> No evidence of such policy dialogue</p>
I-4.2.3	<p><b>Central America+Nicaragua:</b> No evidence of leadership role but evidence of a <b>related factor of continued presence in the sector:</b></p> <p><i>“In this context, this regional strategy has to be seen as a continuation of the RSP for 2002-06 as the two groups of measures on institutional building and on reinforcement of the economic integration process will build on the outcomes of the current programme.”</i> (RSP, 2007-2013, p.21)</p> <p><b>LAIF - KfW-01 - Central America</b></p> <p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b></p>

	<p>The programming documents do refer to institutional and legal frameworks as a domain in which <b>the Commission possesses some comparative advantage vis-à-vis other donors:</b></p> <p><i>“[L]a CE a démontré, maintes fois dans d'autres pays, également d'Amérique Centrale, qu'elle possède certains avantages sur d'autres coopérateurs dans ce domaine. On peut mentionner la promotion d'améliorations institutionnelles et législatives pour le climat des investissements et des affaires, [...]” (AF, p.3)</i></p>
	<p><b>PRODECOOP – Nicaragua:</b> No evidence of leadership role</p>
I-4.2.4	<p><b>Central America+Nicaragua:</b> No evidence</p>
	<p><b>LAIF - KfW-01 - Central America</b></p>
	<p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> The programme does take into account the <b>necessity/challenge to favor a public-private dialogue in order for new laws and regulations to be approved.</b> ROM exercise confirms this.</p> <p>AF mentions in this respect: <i>“Il existe le risque que s'accroissent les divergences et la confrontation entre secteur privé et les différents pouvoirs de l'État. La présente intervention cherchera à appuyer un dialogue soutenu et à favoriser des alliances stratégiques entre les différents acteurs afin d'obtenir des consensus sur les politiques économiques et sociales.” (p.7)</i></p>
	<p><b>PRODECOOP – Nicaragua:</b> No evidence</p>
<b>JC 4.3</b>	<b><i>The institutional and regulatory frameworks have been strengthened</i></b>
<b>Findings at JC level</b>	<p><b>There are evidence that more has been achieved at the regional level</b> (which is logical considering that “Strengthening the institutional system” was a focal sector under both periods) with the creation of regional institutions. On the <b>national scale</b>, the one selected intervention that targeted this sector contributed to the <b>strengthening of the Ministry of Industry and Commerce (MIFIC)</b>, in charge of implementing the programme, and has had some effects on the regulatory framework (but these not specified).</p>
I-4.3.1	Reports / stakeholders show that new laws and regulations have been issued and are enforced
I-4.3.2	Reports / stakeholders show that required institutions have been created or developed and are operational
I-4.3.3	Evidence exists of Commission role in strengthening of institutional and regulatory frameworks
I-4.3.4	Stakeholders consider that Commission interventions have maximised local government commitment by ensuring they are in line with the government's own agenda, consulting with relevant stakeholders and proposing reforms at the local or sub-national level.
I-4.3.1	<b>Central America+Nicaragua:</b>

	<p>Regional RSPs inform that Commission <b>will support the passing of new laws and regulations notably “to harmonise legislation in the field of <i>technical standards, rules of origin and quality in order to encourage the participation of small and medium sizes businesses in intra-regional trade.</i>”</b> (RSP 2002-2006, p.21)</p> <p>But <b>no evidence on the number of laws already issued.</b></p>
	<p><b>LAIF - KfW-01 - Central America</b></p>
	<p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b></p> <p>The ROM exercise informs that <i>“the programme (jointly with other efforts in this domain) has had already some effects on the regulatory framework”</i> (BCS 120221.02) but does not mention what these are.</p>
	<p><b>PRODECOOP – Nicaragua:</b></p> <p>Reference to the Law on Cooperatives (LC/499) passed shortly after the beginning of the programme but <b>no information on how the programme contributed to the enforcement of this law.</b></p>
I-4.3.2	<p><b>Central America+Nicaragua:</b></p> <p>According to regional RSPs, Commission’s support will also consist in <b>the creation and strengthening of institutions:</b></p> <p>For example creation of <b>an economic and social committee:</b></p> <p><i>“Support for the development of the Consultative Committee of SICA (CC-SICA), an organ with functions similar to an economic and social committee comprising employers organisations, trade unions and other organisations from civil society”</i> (RSP 2002-2006, p.22)</p> <p>The <b>Mid-term Review RSP informs that:</b></p> <p><i>“Taking into account the state of implementation of RIP and of ending projects, <b>no more cooperation activities are needed in the focal sector “strengthening regional institutions”</b>”</i> (Bold not in original text) (p.2).</p> <p><b>But no further evidence of what has been achieved in terms of institutional strengthening.</b></p>
	<p><b>LAIF - KfW-01 - Central America</b></p>
	<p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b></p> <p>According to ROM exercise, the Ministry of Industry and Commerce (MIFIC), in charge of implementing the programme, <b>has been strengthened as a result.</b></p> <p><i>“The Project may contribute furthermore to a change of mentality within the Ministry from a Ministry essentially implementing policies to a Ministry more oriented on planning.”</i> (BCS 120221.02)</p>
	<p><b>PRODECOOP – Nicaragua:</b></p>
I-4.3.3	<p><b>Central America+Nicaragua:</b></p> <p>According to RSPs the Commission has provided TA with this objective. For example:</p> <p><i>“Technical assistance for the development of a competition policy through the establishment of a regional legal framework”</i> (RSP 2002-2006, p.21)</p>
	<p><b>LAIF - KfW-01 - Central America</b></p>

	<p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> See I-4.3.1 et I-4.3.2</p>
	<p><b>PRODECOOP – Nicaragua:</b> No evidence</p>
I-4.3.4	Central America+Nicaragua
	LAIF - KfW-01 - Central America
	Mejora del Clima de Negocios e Inversiones - Nicaragua
	PRODECOOP - Nicaragua
JC 4.4	<i>The strengthening of the institutional and regulatory framework has contributed to the creation, better functioning and growth of enterprises</i>
Findings at JC level	<p>The one programme that intervened in this sector <b>did contribute to reduce the delay to create new enterprise thanks to the creation of one-stop shops (<i>Ventanilla Unica de Inversiones</i>)</b>. However, they remain slow to be established.</p> <p>Furthermore, the GoN could consult more the private sector especially SMEs. According to Commission's staff:</p> <p><i>“The [consultation] process happens formally but not really taken into consideration. COSEP (medium and big enterprises) on the other is genuinely consulted and takes part in the drafting of the laws but so not SMEs oriented.” (MN731)</i></p>
I-4.4.1	Evidence that enterprises have benefited from an improved framework and environment
I-4.4.1	<p><b>Central America+Nicaragua:</b> No evidence</p>
	LAIF - KfW-01 - Central America
	<p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> According to ROM, the <b>delay to create new enterprises has been reduced</b> as a result of the programme.</p>
	<p><b>PRODECOOP – Nicaragua:</b> No evidence</p>

<b>EQ 5</b>	<b>To what extent did the Commission contribute to improve access to finance by enterprises?</b>
<b>Other relevant information (not captured elsewhere)</b>	There is no evidence in the <b>strategy documents</b> that Commission's support has contributed to improving access to finance by enterprises.
<b>JC 5.1</b>	<i>The Commission's support was informed by an analysis of the country/region's main constraints in terms of access to finance for enterprises (whether they were primarily on the demand or on the supply side or both)</i>
<b>Findings at JC level</b>	<b>No evidence of an analysis</b> of the country's main constraints <b>in terms of access to finance</b> for enterprise <b>in general</b> but evidence of <b>Commission's awareness when it came to the constraints of the specific groups it targeted</b> , i.e. small coffee producers and SMEs willing to invest in renewable energy.  Furthermore, consensus on the existence of need: according to EU MS, gap for medium amounts (between 3.000US\$ and 10.000US\$) (MN 720)
<b>I-5.1.1</b>	Existence of documented analysis of the countries'/regions main constraints in terms of access to finance (demand and supply side)
<b>I-5.1.2</b>	In its strategy/programming documents the Commission refers to these analyses
<b>I-5.1.3</b>	Stakeholders, in particular from the private sector, consider that the constraints identified are the right ones
<b>I-5.1.4</b>	The Commission support was geared towards tackling the constraints identified in these analyses
<b>I-5.1.5</b>	Number of Commission interventions in the area of access to finance that have been conducted in cooperation with other financial institutions
<b>I-5.1.1</b>	<p><b>Central America+Nicaragua</b></p> <p><b>LAIF - KfW-01 - Central America:</b>  <b>No evidence of a documented analysis</b> but again this programme is taking place within the framework of the official Development Cooperation between Germany and CABEI (Central American Bank for Economic Integration) and so it may be the case that an assessment was conducted by the German cooperation. To be checked.  Furthermore, the programming document does refer to a more difficult access to finance for SME when it comes to environment related investment. See I-5.3.1</p> <p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b>  None of the three expected results of the programme is meant to improve access to finance by enterprises.</p> <p><b>PRODECOOP – Nicaragua:</b>  <b>No evidence of a documented analysis</b> but the programming documents emphasise the problem of access to finance for small coffee producers:  <i>“The difficult access to finance for small coffee producers as they do not possess land titles or have a legal document that could be used as a guarantee for obtaining credits.”*</i></p>

	<p>*We are considering a very specific case of Access to finance with the creation of an incentive fund to benefit small coffee producers affiliated to the 39 cooperatives of PRODECOOP. Not all the JCs of this EQ are therefore relevant for this intervention.</p>																				
I-5.1.2	<b>Central America+Nicaragua</b>																				
	<b>LAIF - KfW-01 - Central America</b>																				
	<b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b>																				
	<b>PRODECOOP – Nicaragua:</b> See I-5.1.1																				
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	<b>LAIF - KfW-01 - Central America</b>																				
	<b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b>																				
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	<b>LAIF - KfW-01 - Central America</b>																				
	<b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b>																				
	<b>PRODECOOP – Nicaragua:</b> <b>The intervention tackled this issue</b> as it planned for the creation of an Incentive Fund (740.000€) managed by the Cooperative Central PRODECOOP lending to its affiliated cooperatives on a longer term basis (10 years) notably for buying coffee seedlings and inputs.																				
I-5.1.5	<b>Central America+Nicaragua</b>																				
	<b>LAIF - KfW-01 - Central America:</b> This intervention is conducted in cooperation with KfW and CABEI:																				
	<table border="1"> <thead> <tr> <th><i>Finance Institution / donor</i></th> <th><i>Total (€ M)</i></th> <th></th> <th><i>%</i></th> <th><i>Remarks</i></th> </tr> </thead> <tbody> <tr> <td>KfW</td> <td>30</td> <td>82.6</td> <td>%</td> <td>Loan</td> </tr> <tr> <td>CABEI</td> <td>3.33</td> <td>9.2</td> <td>%</td> <td>Loan</td> </tr> <tr> <td>LAIF</td> <td>up to 3</td> <td>8.2</td> <td>%</td> <td>LAIF grants</td> </tr> </tbody> </table>	<i>Finance Institution / donor</i>	<i>Total (€ M)</i>		<i>%</i>	<i>Remarks</i>	KfW	30	82.6	%	Loan	CABEI	3.33	9.2	%	Loan	LAIF	up to 3	8.2	%	LAIF grants
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	<b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b>																				
	<b>PRODECOOP - Nicaragua</b>																				
<b>JC 5.2</b>	<b><i>At the macro-level, the Commission has addressed the constraints in the business environment for larger enterprises and MSMEs to develop</i></b>																				
<b>Findings at JC level</b>	<p>The interventions that did have an access to finance component did not target this issue.</p> <p>As a matter of fact, formalisation supported by PRAMECLIM <b>has put fiscal pressure on SMEs before they could benefit from a better access to finance:</b></p> <p><i>“We tried also to help formalise small firms. The problem is that once the firms became</i></p>																				

	<i>legal they had to respond to fiscal pressure that made them bankrupt.”</i> (MN 720)
I-5.2.1	Steps were taken to facilitate the creation of formal enterprises, through accessible procedures of registration
I-5.2.2	The Commission has supported the regulatory environment of financial intermediaries to facilitate their lending to, and/or investment in, MSMEs
I-5.2.1	<b>Central America+Nicaragua</b>
	<b>LAIF - KfW-01 - Central America:</b> The informal sector was not targeted by the intervention no step taken to facilitate the creation of formal enterprises.
	<b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b>
	<b>PRODECOOP - Nicaragua</b>
I-5.2.2	<b>Central America+Nicaragua</b>
	<b>LAIF - KfW-01 - Central America:</b> The intervention did not tackle the regulatory environment of financial intermediaries but it <b>did facilitated their lending to SMEs:</b> <i>“Together with the contribution of the financing component provided by KfW and CABEI, FI [Financial institutions] will be empowered to provide access of SME to environmental investments in a sustainable manner; SME themselves will have the knowledge to use the funds in the most effective way.” (Contribution request, p.4)</i> This “empowerment” done through the TA intended for financial institutions and financed by the LAIF. See also JC 5.6
	<b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b>
	<b>PRODECOOP - Nicaragua</b>
<b>JC 5.3</b>	<b><i>Support targeted enterprises that were facing difficulties in obtaining financial products and services</i></b>
<b>Findings at JC level</b>	Yes the groups targeted (small coffee producers and SMEs willing to invest in renewable energy and energy efficiency) faced difficulties in obtaining loan and investment funding. Worth noting that <b>Commission’s instruments are not meant to finance access to credits.</b> In the two cases above: the investment facility LAIF was used and with respect to small coffee producers the cooperative received fund from the NSA budget line to create and incentive fund.
I-5.3.1	The Commission had a specific approach to identify those enterprises that were facing difficulties in obtaining loan and investment funding
I-5.3.2	The Commission identified the specific constraints these enterprises were facing
I-5.3.3	The Commission support was geared to these enterprises and aimed at tackling their specific constraints, including specifically for MSMEs (core constraints of lack of capitalisation and lack of collateral)



I-5.3.1	<b>Central America+Nicaragua</b>
	<p><b>LAIF - KfW-01 - Central America:</b></p> <p>Programming documents emphasise that SMEs in Central America were <b>hit in terms of access to finance due to the financial crisis in 2009</b> and this is even more so in respect to environment related investments:</p> <p><i>“The financial sector being affected in 2009 as well (credit portfolio only grew by 2% in 2009 compared to 21.5% in 2008) has attended the SME sector over the last years to a certain extent, however full coverage and in particular the widening of financial products regarding targeted investments for energy and environmental related measures have not been offered by the financial sector so far in a systematic manner.”</i></p> <p><b>Then SMEs were not so much selected in function of their difficulties but rather in function of their interest</b> (<i>Financing agreement, p.10</i>):</p> <p>All SME complying with the general definition of SME of CABEL and showing a strong interest in investing in energy efficiency and renewable energy are eligible to participate in Activity II of the Programme.</p>
	<b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b>
	<p><b>PRODECOOP – Nicaragua:</b></p> <p>The objective of the project was to intervene in the areas of coffee production notably for the reasons mentioned under EQs1 and 2 (important contribution of the coffee sector to the export revenues of the country while at the same time lacking infrastructure). The Commission identified the specific constraints of small coffee producers in terms of access to finance. Why it chose to work with the PRODECOOP as opposed to other cooperatives (if they are any) this information is not given. The only information given is that most affiliates of PRODECOOP and their families are in situation of poverty or extreme poverty.</p>
I-5.3.2	<b>Central America+Nicaragua</b>
	<p><b>LAIF - KfW-01 - Central America:</b></p> <p>See I-5.3.1</p>
	<b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b>
	<p><b>PRODECOOP – Nicaragua:</b></p> <p>See I-5.3.1</p>
I-5.3.3	<b>Central America+Nicaragua</b>
	<p><b>LAIF - KfW-01 - Central America:</b></p> <p>Yes Commission support is geared to <b>theses SMEs, micro-enterprises also targeted</b> although less demand for environment related investment is expected from them (<i>Financing Agreement, p.8</i>):</p> <p>The Programme focuses on SME as defined by the SME-Programme of CABEL as the target group. The Programme is also applicable to microenterprises, although, initially, not much demand from this group of enterprises is expected.</p>
	<b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b>

	<b>PRODECOOP – Nicaragua:</b> See I-5.3.1
<b>JC 5.4</b>	<b><i>At the meso-level, the Commission has supported the intermediary organisations supporting enterprises (large and MSMEs)</i></b>
<b>Findings at JC level</b>	Only one intervention can be considered to have targeted an intermediary organisation (a central of cooperative which has managed a fund for its 39 affiliated cooperatives). The other relevant intervention targeted directly the financing institutions and the SMEs.
<b>I-5.4.1</b>	Stakeholders consider that the Commission has selected those private sector representative organisations that have a real impact
<b>I-5.4.2</b>	Intermediary Organisations supported by the Commission have, during the period of support, implemented activities designed to increase capacity of private sector enterprises to obtain funding from bank or non-banking institutions
<b>I-5.4.1</b>	<b>Central America+Nicaragua</b>
	<b>LAIF - KfW-01 - Central America:</b> The intervention targeted Financial Institutions and SMEs.
	<b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b>
	<b>PRODECOOP - Nicaragua</b>
<b>I-5.4.2</b>	<b>Central America+Nicaragua</b>
	<b>LAIF - KfW-01 - Central America</b>
	<b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b>
	<b>PRODECOOP – Nicaragua:</b> PRODECOOP, the central of cooperatives, can be considered as an IO as it has been responsible for managing the Incentive Fund and lending to its 39 affiliated cooperatives. According to ROM exercise, it has performed well in this respect even though the accounting capacity of PRODECOOP must still be strengthened when considering the sustainability of the intervention.
<b>JC 5.5</b>	<b><i>The ability of enterprises to obtain financial products and services has been strengthened</i></b>
<b>Findings at JC level</b>	The indicators below are not relevant for the intervention targeting small coffee producers and the implementation phase of LAIF only started in 2011 and only aspects related to identification and design are covered by the intervention.
<b>I-5.5.1</b>	Improvements in enterprises' capacities to submit bankable dossiers and evidence provided in this respect
<b>I-5.5.2</b>	Improvements in enterprises' accounting practices and evidence provided in this respect
<b>I-5.5.3</b>	Improvements in dealing with enterprises' lack of capitalisation (e.g. through seed money, venture capital) and lack of collateral (e.g. guarantee schemes) and evidence provided in this respect
<b>I-5.5.1</b>	<b>Central America+Nicaragua</b>

	<p><b>LAIF - KfW-01 - Central America:</b> As mentioned above the implementation phase of this intervention is out of scope (was to start on the 1<sup>st</sup> of January 2011). Only issues of design considered by this evaluation.</p>
	<b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b>
	<b>PRODECOOP - Nicaragua</b>
<b>I-5.5.2</b>	<b>Central America+Nicaragua</b>
	<b>LAIF - KfW-01 - Central America</b>
	<b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b>
	<b>PRODECOOP - Nicaragua</b>
<b>I-5.5.3</b>	<b>Central America+Nicaragua</b>
	<b>LAIF - KfW-01 - Central America</b>
	<b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b>
	<b>PRODECOOP - Nicaragua</b>
<b>JC 5.6</b>	<b><i>Supported financial institutions have improved their ability to mobilise funding and/or act as intermediaries</i></b>
<b>Findings at JC level</b>	Again no ex-post observation can be made with respect to the LAIF intervention but worth noting that one of the selection criteria for the beneficiary financial institutions was their focus on SMEs. Besides this LAIF intervention, no evidence on the supply-side of actions supported by the Commission even though critical (the liquidity is not the problem, it is there but not lent to SMEs) (MN730, MN731)
<b>I-5.6.1</b>	Commission strategy and programming documents foresee support for the mobilisation of private funding sources including private savings
<b>I-5.6.2</b>	Commission strategy and programming documents foresee support for more efficient financial markets
<b>I-5.6.3</b>	Central Bank monitoring data show an increase and diversification of private funding sources including private savings
<b>I-5.6.4</b>	Stakeholders consider there is a linkage between the observed evolutions in funding mobilisation and the Commission's support
<b>I-5.6.5</b>	Local financial institutions have improved their mobilisation and intermediation to effectively channel resources and adapt financial services/products to the needs of local enterprises and notably of MSMEs
<b>I-5.6.1</b>	<b>Central America+Nicaragua</b>
	<b>LAIF - KfW-01 - Central America</b>
	<b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b>
	<b>PRODECOOP - Nicaragua</b>
<b>I-5.6.2</b>	<b>Central America+Nicaragua</b>
	<b>LAIF - KfW-01 - Central America</b>

	Mejora del Clima de Negocios e Inversiones - Nicaragua
	PRODECOOP - Nicaragua
I-5.6.3	Central America+Nicaragua
	LAIF - KfW-01 - Central America
	Mejora del Clima de Negocios e Inversiones - Nicaragua
	PRODECOOP - Nicaragua
I-5.6.4	Central America+Nicaragua
	LAIF - KfW-01 - Central America
	Mejora del Clima de Negocios e Inversiones - Nicaragua
	PRODECOOP - Nicaragua
I-5.6.5	Central America+Nicaragua
	<p><b>LAIF - KfW-01 - Central America:</b></p> <p>As mentioned above, not possible to look at the result of implementation but worth noting with respect to this indicators that the beneficiary FIs were selected according to three main criteria:</p> <ul style="list-style-type: none"> <li>• Eligible to the “Global Credit Line” of CABEI (Central American Bank for Economic Integration)</li> <li>• Focus on SME-sector</li> <li>• Show a strong interest in extending its activities to environmental loan products</li> </ul> <p><i>(Financing Agreement, p.10)</i></p>
	Mejora del Clima de Negocios e Inversiones - Nicaragua
	PRODECOOP - Nicaragua
<b>JC 5.7</b>	<b><i>Among MSMEs, the Commission has addressed the constraints of micro-enterprises</i></b>
<b>Findings at JC level</b>	<p>According to Commission’s staffs:</p> <p><i>“There are problems on both supply and demand sides. FIs not adapted to Micro and Small enterprises [...] access to finance for Micro enterprises remains a problem in particular in terms of paper work.” (MN731)</i></p> <p>Under the LAIF intervention, Commission <b>also targeted micro-enterprises although</b> less demand for environment related investment was expected from them.</p>
I-5.7.1	The Commission has analysed the specific problems of micro-enterprises in countries of intervention
I-5.7.2	The Commission has addressed the capacity problems of micro-enterprises in terms of submitting bankable financing requests to financial intermediaries
I-5.7.3	The Commission has addressed the capacity problems of micro-enterprises in terms of management capacity, accounting, and transparency
I-5.7.4	Evidence that MSMEs have improved their access to finance and role of the

	Commission support in this respect
I-5.7.1	Central America+Nicaragua
	LAIF - KfW-01 - Central America: See I-5.3.3
	Mejora del Clima de Negocios e Inversiones - Nicaragua
	PRODECOOP - Nicaragua
I-5.7.2	Central America+Nicaragua
	LAIF - KfW-01 - Central America
	Mejora del Clima de Negocios e Inversiones - Nicaragua
	PRODECOOP - Nicaragua
I-5.7.3	Central America+Nicaragua
	LAIF - KfW-01 - Central America
	Mejora del Clima de Negocios e Inversiones - Nicaragua
	PRODECOOP - Nicaragua
I-5.7.4	Central America+Nicaragua
	LAIF - KfW-01 - Central America
	Mejora del Clima de Negocios e Inversiones - Nicaragua
	PRODECOOP - Nicaragua

<b>EQ 6</b>	<b>To what extent did the Commission contribute to a better ability of enterprises, in particular SMEs, to compete and to access technology and new markets?</b>
<b>Other relevant information (not captured elsewhere)</b>	<p>The CSP 2002-2006 informs that <i>“the promotion of new information and communication technologies could be incorporated into certain programmes as cross-cutting issues”</i>(p.31).</p> <p>Otherwise, <b>no evidence in strategy documents that Commission’s support was geared to improve the competitiveness of enterprises</b> even though lack of competitiveness mentioned in CSP 2007-2013:</p> <p><i>“Local industries, including small and medium-sized enterprises, have a small capacity and are not competitive in the international market. Quality standards and controls are needed, together with new technologies and clear policies and rules. The country should take advantage of opportunities in international market liberalization, and shift from an industrialization model based on “maquilas” to a more competitive one [...]”</i> (p.13)</p> <p><b>However, this type of support did occur as mentioned in some programming documents.</b></p>
<b>JC 6.1</b>	<b><i>The Commission’s support to enterprise competitiveness was targeted on the basis of an analysis of the main shortcomings of enterprises in terms of competitiveness</i></b>
<b>Findings at JC level</b>	<p><b>No evidence</b> of the Commission conducting a <b>documented analysis</b>. However programming documented listed enterprises’ main shortcomings in terms of competitiveness, <b>sometimes referring to analyses conducted by other donors</b> (World Bank) <b>and geared its support to tackle these shortcomings</b>.</p> <p>More informed knowledge of enterprises shortcomings with respect to competitiveness is expected from the characterisation study of PRAMECLIM which is to constitute the baseline for the programme COMPETITIVIDAD (MN720)</p>
<b>I-6.1.1</b>	Existence of documented analysis of the main shortcomings of enterprises in terms of competitiveness, including forward studies and surveys of key sectors or subsectors in regions/countries concerned
<b>I-6.1.2</b>	In its strategy/programming documents the Commission refers to these analyses
<b>I-6.1.3</b>	Stakeholders, in particular from the private sector, consider that the shortcomings identified are the right ones
<b>I-6.1.4</b>	The Commission support was geared towards tackling the shortcomings identified in these analyses
<b>I-6.1.5</b>	A critical mass of enterprises facing competitiveness problems (grouped by sector, or by potential exporting enterprises) has been targeted
<b>I-6.1.6</b>	PSD programming in the area of BDS and non-financial service provision has targeted sustainable reinforcement of the structures and functioning of local markets (as per Recommendation RI-2 of the 2005 Evaluation)
<b>I-6.1.7</b>	Number of BDS interventions aimed at reinforcing local BDS markets versus the number of interventions providing direct BDS services

I-6.1.1	<b>Central America+Nicaragua</b>
	<p><b>LAIF - KfW-01 - Central America:</b></p> <p><b>No evidence of this documented analysis</b> but again this programme is taking place within the framework of the official Development Cooperation between Germany and CABEI (Central American Bank for Economic Integration) and so it may be the case that an assessment was conducted by the German cooperation. To be checked.</p> <p>One of the factors put forward to justify this intervention is <i>“the increased pressure on competitiveness through stronger export-oriented economies/ regional and international agreements” (Contribution Request, p.3)</i></p>
	<p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b></p> <p>The programming documents refer to <b>two competitiveness studies</b>:</p> <ul style="list-style-type: none"> <li>- <i>The Competitiveness Global Report</i> and</li> <li>- <i>The Doing Business In</i>, a ranking undertaken by the World Bank</li> </ul> <p>and they list the causes for the weak performance of Nicaragua in terms of competitiveness according to these analyses:</p> <ul style="list-style-type: none"> <li>• <i>“Absence d’une stratégie de promotion technologique et d’amélioration de la qualité</i></li> <li>• <i>La corruption</i></li> <li>• <i>Délais nécessaire pour légaliser une propriété</i></li> <li>• <i>La complexité des inscription et du démarrage de nouvelles entreprises</i></li> <li>• <i>Le cadre légal qui n’est pas à jour” (AF, p.2)</i></li> </ul> <p>Futhermore, one of the <b>activities of the Project</b> consists in <b>studies to characterise the different enterprises of the country.</b> (AF, p.6)</p>
	<p><b>PRODECOOP – Nicaragua:</b></p> <p>Even though improved competitiveness is part of the Expected Result 2 <i>“Les familles productrices de café impliquées ont amélioré l’efficacité et la compétitivité de leurs processus de production et de commercialisation »</i>. We are referring to a very specific case (the competitive producing process of coffee) and most JCs are not relevant for this intervention with the exception of JC 6.4.</p>
I-6.1.2	<b>Central America+Nicaragua</b>
	<b>LAIF - KfW-01 - Central America</b>
	<p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b></p> <p>See I-6.1.1</p>
	<b>PRODECOOP - Nicaragua</b>
I-6.1.3	<b>Central America+Nicaragua</b>
	<b>LAIF - KfW-01 - Central America</b>
	<b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b>
	<b>PRODECOOP - Nicaragua</b>
I-6.1.4	<b>Central America+Nicaragua</b>
	<p><b>LAIF - KfW-01 - Central America:</b></p> <p><b>Related to the competitiveness pressure mentioned above is the high</b></p>

	<p><b>pressure for energy-savings</b> considering the high and volatile price of oil and, in this respect, the <b>intervention tackle this shortcoming.</b></p> <p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b>  Yes, <b>Commission's support is geared to tackling the shortcomings put forward in these studies:</b>  R1 tackles the legal and regulatory framework  R2 tackles the level of qualification of human resources to improve competitiveness of enterprises  R3 tackles BDS offered to enterprises by public institutions and IOs  However, the <b>ROM</b> exercise emphasises another <b>design problem</b> which is that the specific objective of the intervention is a sum of the expected results of the Project (including increased competitiveness of enterprises). Moreover, even though they are all under "specific objective" they should really be at different levels of the intervention logic as some are <i>means</i> to achieve others.</p> <p><b>PRODECOOP – Nicaragua:</b></p>
I-6.1.5	<p><b>Central America+Nicaragua</b></p> <p><b>LAIF - KfW-01 - Central America:</b>  <b>Evidence that a critical mass will be targeted</b> as this is mentioned as "Risk reduction Factor" in programming document:  <i>"CABEI and KfW have a vast experience with similar programs; furthermore, the co-operation with a large number of FI and SME in the region is an advantage to the success of the Program."</i> (Contribution Request, p.5)</p> <p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b>  No evidence that a critical mass is being targeted. The AF notes in this respect the <b>lack of reliable up-dated statistical data on enterprises.</b> This <i>might</i> explain why one activity of the Project consists in a study of the different enterprises of the country:  <i>"Sur la base très limitée des informations statistiques actualisées disponibles, on estime que le Nicaragua compte environ 200.000 entreprises, dont 99% sont MIPYMES [Micro and SMEs]"</i> (AF, p.2)</p> <p><b>PRODECOOP - Nicaragua</b></p>
I-6.1.6	<p><b>Central America+Nicaragua</b></p> <p><b>LAIF - KfW-01 - Central America:</b>  This intervention aimed to finance financial services and the TA it provides is intended for the financial institutions participating in the programme.</p> <p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b>  Under the 3rd Expected Result, the intervention <b>seeks to strengthen the structures offering BDS</b> to enterprises: public structures, IOs and professional organisations. <b>Even though this is a more sustainable approach, the fear still exist that these services to enterprises may disappear once the project ends.</b> (this is expressed in the ROM exercise, for ex. municipalities have to take-up part of this BDS role at the end of the Project but no mention is made on whether they will receive the financial means to do it).</p>



	<b>PRODECOOP - Nicaragua</b>
I-6.1.7	<b>Central America+Nicaragua</b>
	<b>LAIF - KfW-01 - Central America</b>
	<b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b>
	<b>PRODECOOP - Nicaragua</b>
<b>JC 6.2</b>	<b><i>The delivery channels or IOs for this support were appropriate and able to deliver</i></b>
<b>Findings at JC level</b>	<p>Only one intervention sought to strengthen IOs offering BDS and it seems that they have allowed <b><i>“to make some progress in terms of competition”</i></b>. The selection process of the beneficiary IOs not described, only mention that the intervention wished to support existing initiatives.</p> <p>Following the field phase, it became clear that <b>IOs involved in competitiveness such as APEN (for exports) or INATEC (for certification) have also been selected on the basis of call for proposals</b> and not as a result of other means such as benchmarking. Such selection process has been appropriate. (MN 714, MN 715)</p>
<b>I-6.2.1</b>	Commission programming documents and stakeholders show that intermediary organisations were selected on the basis of their ability to deliver
<b>I-6.2.2</b>	Monitoring/evaluation reports and/or stakeholders provide evidence that selected intermediary organisations delivered
<b>I-6.2.3</b>	Monitoring/evaluation reports and/or stakeholders provide evidence that key follow-up at the level of intermediary organisations occurred
<b>I-6.2.4</b>	Monitoring/evaluation reports and/or stakeholders provide evidence to show that institutions for business development services have been strengthened in a sustainable manner
I-6.2.1	<b>Central America+Nicaragua</b>
	<b>LAIF - KfW-01 - Central America:</b> Intervention involved only Financing Institutions and SMEs.
	<b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> No information on how the IOs were selected, <b>it seems that they were existing organisations</b> . In this respect, general statement in the AF that the Project “ <i>se basera sur les initiatives déjà existentes</i> ”. (AF, p.5)
	<b>PRODECOOP - Nicaragua</b>
I-6.2.2	<b>Central America+Nicaragua</b>
	<b>LAIF - KfW-01 - Central America</b>
	<b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> According to ROM exercise, the services offered by the decentralised entities of the Ministry of Industry and Commerce (MIFIC) have allowed <b><i>“to make some progress in terms of competition.”</i></b> (BCS 120221.02) No information on other IOs.
	<b>PRODECOOP - Nicaragua</b>

I-6.2.3	Central America+Nicaragua
	LAIF - KfW-01 - Central America
	<b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> Follow-up should occur at the level of IOs in the sense that one of the three expected results of the programme is focused at the level of IOs. <b>However, concern expressed in the ROM exercise on the weakness of indicators to measure results.</b>
	PRODECOOP - Nicaragua
I-6.2.4	Central America+Nicaragua
	LAIF - KfW-01 - Central America
	<b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> See I-6.1.6. Despite such fear, it must be reminded that the selected intervention is part of a wider sectoral government plan PROMIPYME and that real synergies exist between both also with respect to strengthening IOs.
	PRODECOOP - Nicaragua
<b>JC 6.3</b>	<b><i>Enterprises that benefited from Commission support have been upgraded and accessed new markets</i></b>
<b>Findings at JC level</b>	Evidence during the field phase that shortcoming in terms of competitiveness of specific beneficiaries have been tackled thanks to a bottom-up approach (call for proposals): <ul style="list-style-type: none"> <li>- Standardised production</li> <li>- Design and marketing</li> <li>- Joint action on the market (<i>redes</i>) (MN722)</li> </ul> Concrete examples were five-fold increase of coffee yields in PRODECOOP, access to new markets for potters thanks to PRAMECLIM (visits of these projects during the field mission) However key obstacles to competitiveness remain: access to finance as mentioned under EQ5, production capacity, access to raw material etc. (MN714)
<b>I-6.3.1</b>	Evidence exists of follow-up after cooperation meetings and agreements in terms of upgrading of enterprises (development of skills, know-how, managerial, market knowledge, etc.), and adequate targeting of key sectors
<b>I-6.3.2</b>	Number of business to business cooperation and promotion meetings which gave rise to increased trade exchanges and enhanced export prospects
<b>I-6.3.3</b>	Number of business to business cooperation and promotion meetings which gave rise to durable partnerships enhancing business opportunities and sustainable enterprise prospects
<b>I-6.3.4</b>	Monitoring reports demonstrate a systematic flow of know-how resulting from such activities
<b>I-6.3.1</b>	Central America+Nicaragua
	<b>LAIF - KfW-01 - Central America:</b> As mentioned above, the implementation phase of this intervention is out of scope. Only issues related to design were considered by the evaluation.

	<p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> No evidence</p> <p><b>PRODECOOP - Nicaragua</b></p>
I-6.3.2	<b>Central America+Nicaragua</b>
	<b>LAIF - KfW-01 - Central America</b>
	<p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> No evidence</p> <p><b>PRODECOOP - Nicaragua</b></p>
I-6.3.3	<b>Central America+Nicaragua</b>
	<b>LAIF - KfW-01 - Central America</b>
	<p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> No evidence</p> <p><b>PRODECOOP - Nicaragua</b></p>
I-6.3.4	<b>Central America+Nicaragua</b>
	<b>LAIF - KfW-01 - Central America</b>
	<p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> No evidence</p> <p><b>PRODECOOP - Nicaragua</b></p>
<b>JC 6.4</b>	<b><i>Enterprises that benefited from Commission support have increased their access to technology</i></b>
<b>Findings at JC level</b>	<b>All three selected interventions had a component implying a transfer of technology</b> but few information at this stage on the effect of such transfer on enterprises' competitiveness with the exception of the <b>agro-ecological technologies used by small coffee producers which has</b> allowed them to diversify their production and to produce in a more sustainable fashion.
<b>I-6.4.1</b>	Monitoring reports show that new technology, including European technology, has been mobilised by enterprises in Partner Countries
<b>I-6.4.2</b>	Stakeholders interviews indicate that such technology transfers has heightened their competitiveness
<b>I-6.4.3</b>	Monitoring reports indicate that the volume of technology transfers has been important for enterprises and relevant target sectors
<b>I-6.4.1</b>	<b>Central America+Nicaragua</b>
	<p><b>LAIF - KfW-01 - Central America:</b> As FIs will channel resources to SME “for energy efficiency and renewable energy projects” there are strong chances that these will involve technology, including European technology. But again the implementation phase of the programme is out of scope.</p> <p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> No evidence.</p>

	<p><b>PRODECOOP – Nicaragua:</b> According to ROM exercise, small coffee producers have benefitted <b>from agro-ecological technologies</b> allowing them an increased diversification of their production and a better sustainability of their production activities.</p>
I-6.4.2	<b>Central America+Nicaragua</b>
	<b>LAIF - KfW-01 - Central America</b>
	<b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b>
	<b>PRODECOOP - Nicaragua</b>
I-6.4.3	<b>Central America+Nicaragua</b>
	<b>LAIF - KfW-01 - Central America</b>
	<p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> One activity of the programme consists in <b>strengthening two Centres providing technology services</b>. At the time of the ROM exercise, a budget of €650.000 had been foreseen for this activity but the short-term <b>TA still had to be contracted</b>. Furthermore, <b>computer systems</b> have been set-up in investment promotion agencies but no further information on effects.</p>
	<b>PRODECOOP - Nicaragua</b>

<b>EQ 7</b>	<b>To what extent did Commission support contribute to increased cross-border investment in partner countries' private sectors?</b>
<b>Other relevant information (not captured elsewhere)</b>	<p>Unlike EU MS, Commission's bilateral cooperation has not focussed on cross-border investment, more considered under the responsibility of trade. Thanks to the AA, FDI in Nicaragua will have access to the whole Central American Market.</p> <p><b>Depending on its nature (more or less opportunistic) FDI can or not have a sustainable impact on a country's economic development.</b> FDI not very labour intensive in Nicaragua (with the exception of the <i>zonas francas</i>) <b>this is why the Commission has not encouraged FDI in its bilateral cooperation for PSD (MN731)</b></p>
<b>JC 7.1</b>	<b><i>The Commission's support was targeted on the basis of an analysis of the needs of enterprises</i></b>
<b>Findings at JC level</b>	<p>At the strategic level, the CSP 2007-2013 informs that a trade needs assessment is to be undertaken in 2007 (need to be checked). At the level of implementation, <b>no reference to specific needs analyses studies but programming documents list some obstacles met by investment and the actions sought to address these obstacles.</b></p> <p>PRAMECLIM in its study on the regulatory framework included aspects on foreign investment facilitation (e.g. protection of private property, fiscal incentive) identified with the support of PRONICARAGUA. (MN728)</p>
<b>I-7.1.1</b>	Enterprises needs analyses provided in regional/country surveys or through other means
<b>I-7.1.2</b>	Evidence in programming documentation on the Commission's knowledge of potential European sources of investment when organising investment promotion activities
<b>I-7.1.3</b>	Elements provided in programming documentation and/or by stakeholders showing that the Commission's support was based on these needs analyses and that the Commission had a prioritised approach in selecting groups of beneficiary enterprises
<b>I-7.1.1</b>	<p><b>Central America+Nicaragua:</b></p> <p>The need to increase investment described a challenge under both periods:  <i>"To reach economic growth, investment – and in particular foreign investment – needs to increase."</i> (CSP 2007-2013). <b>But no information in the first CSP on actions to be taken in this respect.</b></p> <p><u>For the period 2007-2013:</u> <b>"helping to improve business and investment climate"</b> becomes an objective under the <b>focal sector</b> <i>"Economic and trade issues"</i>.  The range of actions to be undertaken under that focal sector are yet not clear (a list is provided in the CSP see I-2.6.4). <b>A Trade Need Assessment was planned for 2007</b> in order to further elaborate this component.</p>

	<p><b>LAIF - KfW-01 - Central America:</b>  <b>No evidence of these needs analyses</b> but again this programme is taking place within the framework of the official Development Cooperation between Germany and CABEI (Central American Bank for Economic Integration) and so it may be the case that an assessment was conducted by the German cooperation. To be checked.</p> <p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b>  The AF <b>does mention some of the obstacles met by investments in the country but no reference to a specific study.</b> For example:</p> <p><i>Un Guichet Unique pour les Investissements (VUI) a été créé, ce qui facilite les démarches administratives, mais il reste encore beaucoup à faire car les registres du commerce et de la propriété n'ont pas encore été automatisés ni intégrés, la législation à ce sujet doit être améliorée. (p.2)</i></p> <p><b>PRODECOOP – Nicaragua:</b>  EQ not relevant</p>
I-7.1.2	<p><b>Central America+Nicaragua:</b>  <b>Awareness</b> in CSP 2007-2013 of the <b>non-attractiveness</b> of Nicaragua for <b>European investment</b>. As mentioned above, this issue will be tackled but strategy document does not mention how as a need assessment is to be carried-out:  <i>“The small market and difficulties in achieving political stability, social cohesion and judicial security make Nicaragua less attractive to European investment in comparison with other countries.” (p.12)</i></p> <p><b>LAIF - KfW-01 - Central America:</b>  <b>Yes evidence of Commission’s knowledge of European sources of investments</b> as the LAIF investment facility is especially designed to complement these investment operations as mentioned in the programming documents (<i>Financing Agreement, p.8</i>):</p> <p>The Latin America Investment Facility (LAIF) is intended to provide European Union's grant support for lending operations led by European multilateral development-finance institutions and also bilateral development finance institutions of the Member States. The LAIF approves grants for investment co-financing, loan guarantee cost financing, interest rate subsidies, risk capital operations and technical assistance packages. The objective is to associate European Commission grants with loans from consortia of European Finance Institutions in order to finance large investment projects in the DCI Latin America region.</p> <p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b>  No evidence</p> <p><b>PRODECOOP - Nicaragua</b></p>
I-7.1.3	<p><b>Central America+Nicaragua</b></p> <p><b>LAIF - KfW-01 - Central America:</b>  The Commission <b>prioritised the SMEs that were first eligible for this type of investment and that showed a strong interest</b> (<i>Financing Agreement, p.10</i>):</p>

	<p>All SME complying with the general definition of SME of CABEL and showing a strong interest in investing in energy efficiency and renewable energy are eligible to participate in Activity II of the Programme.</p> <p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> The programme <b>does tackle the obstacles listed in the AF such as the need to work on the legal and regulatory frameworks</b> and the need to involve representatives of the private sector and deputies from the National Assembly.</p> <p><b>PRODECOOP - Nicaragua</b></p>
<b>JC 7.2</b>	<b><i>The Commission has supported the development of investment-related intermediary organisations, and these IOs have effectively engaged in investment promotion</i></b>
<b>Findings at JC level</b>	<p>Only one intervention supported investment-related intermediary organisations, the <i>Ventanillas Unicas de Inversión (VUI)</i>, but no information so far on how effectively it has been able to engage in investment promotion.</p> <p><b>PRONICARAGUA rightly identified by the Commission as a key foreign investment promotion agency in the country.</b> Not major support however thus far because questioning to what extent PRONICARAGUA works with micro and SMEs (MN724)</p>
<b>I-7.2.1</b>	Number of Investment Promotion Agencies (IPAs) and other investment intermediaries supported
<b>I-7.2.2</b>	Monitoring reports contain evidence of improvements in the performance of IOs in the supply of investment support
<b>I-7.2.3</b>	Number of investment promotion events that gave rise to actual additional investment
<b>I-7.2.1</b>	<p><b>Central America+Nicaragua</b></p> <p><b>LAIF - KfW-01 - Central America:</b> The intervention did not target IPAS and concentrated on Financial institutions.</p> <p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> With respect to investment promotion, the programme focuses on improving the legal and regulatory frameworks even though <b>the strengthening of the <i>Guichet Unique des Investissement (VUI)</i> is also foreseen in the programme.</b></p> <p><b>PRODECOOP - Nicaragua</b></p>
<b>I-7.2.2</b>	<p><b>Central America+Nicaragua</b></p> <p><b>LAIF - KfW-01 - Central America</b></p> <p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> According to ROM, the processing system of the VUI is to be revised but this has no occurred yet. Computer systems have been set-up in four VUI <b>but no information yet on effects.</b></p> <p><b>PRODECOOP - Nicaragua</b></p>
<b>I-7.2.3</b>	<p><b>Central America+Nicaragua</b></p> <p><b>LAIF - KfW-01 - Central America</b></p>

	<p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> Events and <b>workshops</b> are to be organised but they are not really “investment promotion events”, they are rather <b>on laws and regulations that affect the investment climate</b> : “<i>Organisation de séminaires/ ateliers et assistance technique aux décideurs du secteur afin d’accélérer et de promouvoir l’approbation de lois, de règlements qui affectent le climat des affaires et des investissements au Nicaragua.</i>” <b>But no progress had been made at the time of the ROM exercise.</b></p>
	<b>PRODECOOP - Nicaragua</b>
<b>JC 7.3</b>	<b><i>The Commission has supported investment related business to business meetings &amp; investment promotion events, and these have had identifiable results</i></b>
<b>Findings at JC level</b>	No evidence of such events in the framework of the selected interventions. This was confirmed during the field phase.
<b>I-7.3.1</b>	Number of investment promotion meetings & events organised
<b>I-7.3.2</b>	Monitoring reports contain evidence of investment mobilisation resulting from such events, and stakeholders confirm such results
<b>I-7.3.3</b>	Commission follow-up steps have been taken to enhance the results of investment promotion activities
<b>I-7.3.4</b>	Also see answers to indicators I-6.3.2 and I-6.3.3 above
<b>I-7.3.1</b>	<p><b>Central America+Nicaragua</b></p> <p><b>LAIF - KfW-01 - Central America:</b> The intervention did not foresee these types of action.</p> <p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> No evidence of such events</p> <p><b>PRODECOOP - Nicaragua</b></p>
<b>I-7.3.2</b>	<p><b>Central America+Nicaragua</b></p> <p><b>LAIF - KfW-01 - Central America</b></p> <p><b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b></p> <p><b>PRODECOOP - Nicaragua</b></p>
<b>I-7.3.3</b>	<p><b>Central America+Nicaragua</b></p> <p><b>LAIF - KfW-01 - Central America</b></p> <p><b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b></p> <p><b>PRODECOOP - Nicaragua</b></p>
<b>I-7.3.4</b>	<p><b>Central America+Nicaragua</b></p> <p><b>LAIF - KfW-01 - Central America</b></p> <p><b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b></p> <p><b>PRODECOOP - Nicaragua</b></p>
<b>JC 7.4</b>	<b><i>Commission support has encouraged FDI</i></b>



<b>Findings at JC level</b>	At the <b>regional level</b> , European investment in Central America is a non-focal sector and the CSP foresees <b>three areas of action</b> (TA to take advantage of the preferential tariffs, legal and institutional environment, and mechanisms to extend and intensify two-way trade and investment) <b>to attract European investors</b> . Still at regional level, the <b>LAIF intervention</b> has allowed to <b>leverage</b> €33,33M with a grant of only €3M.
<b>I-7.4.1</b>	Reports exist that document the mobilisation of investment flows as a result of Commission support
<b>I-7.4.2</b>	In the absence of actual financial investment, the Commissions reports demonstrate that potential has been created for later investment resulting from business partnerships
<b>I-7.4.1</b>	<p><b>Central America+Nicaragua:</b>  <b>At the regional level, European investment in CA is a non-focal sector.</b>  In order to <b>expand European investment in CA, the Commission will focus its support on 3 points:</b>  <i>“- Technical assistance to enable Central America profit from the preferential tariffs accorded by Europe;</i>  <i>- The development of a legal and institutional environment to make the region more attractive and secure for European investors. The promotion of common standards and a harmonised legal framework and strengthening the system of investment guarantees;</i>  <i>- The identification and appraisal of mechanisms to extend and intensify two-way trade and investment.” (RSP</i>  <b>But no evidence of what has been achieved.</b></p> <hr/> <p><b>LAIF - KfW-01 - Central America:</b>  It can be argued that Commission’s support has encouraged FDI (on the part of KfW) in the sense that its support through LAIF was <i>“necessary for a successful and timely implementation of the programme”</i> in other words without the TA for facilitators and FIs and the feasibility studies for renewable energie the implementation of the programme would have been problematic and may not have occurred.  Programming documents mention in this respect <b>the leverage capacity of the Commission with this intervention:</b>  <i>“[T]he LAIF grants contributes to leverage €33,33M of loans from one eligible finance institution (KfW €30M loan) and one regional Latin-American finance institution (CABEI €3.33M loan), which gives a favourable leverage ratio, as the grant element represents 1/11 (approximately 9%) of the total lending.” (Contribution Request, p.12)</i></p> <hr/> <p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b>  No evidence. The AF only informs that FDI is concentrated in the textile sector in tax-free zone ( very low fiscal revenues and poor labour standards)</p> <hr/> <p><b>PRODECOOP - Nicaragua</b></p>
<b>I-7.4.2</b>	<p><b>Central America+Nicaragua</b></p> <hr/> <p><b>LAIF - KfW-01 - Central America</b></p> <hr/> <p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b></p>

	No evidence
	<b>PRODECOOP - Nicaragua</b>
<b>JC 7.5</b>	<b><i>SMEs were adequately targeted by comprehensive provision of investment related services</i></b>
<b>Findings at JC level</b>	<b>LAIF by its emphasis on infrastructure, access to finance by SMEs and environment, is the main financial instrument identified promoting sustainable FDI. (MN731)</b>
<b>I-7.5.1</b>	Regional and country surveys and studies indicate that SMEs were among the Commission's priorities
<b>I-7.5.2</b>	Intervention documentation evidences that SMEs have been duly targeted
<b>I-7.5.3</b>	Monitoring reports contain evidence of investment mobilisation benefiting SMEs
<b>I-7.5.1</b>	<b>Central America+Nicaragua</b>
	<b>LAIF - KfW-01 - Central America:</b> One of the strategic orientations and objectives of LAIF is precisely “ <i>SMEs development</i> ” and it is partly because the selected intervention complied with this objective (along with two others: investment in renewable energy and regional integration) that it was approved. Out of the three selection criteria for the FIs participating in the programme one is their focus on SMEs and the targeted enterprises are exclusively SMEs which represent 95% of all private enterprises in Central America. <i>(Contribution Request, p.12)</i>
	<b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> The AF informs that <b>99% of enterprises are micro and SMEs</b> . The ROM exercise informs that <b>the target of the Project has been revised to also include micro enterprises and the informal sector</b> . But <b>no specific mention on how they have benefited from the investment promotion activities</b> .
	<b>PRODECOOP - Nicaragua</b>
<b>I-7.5.2</b>	<b>Central America+Nicaragua</b>
	<b>LAIF - KfW-01 - Central America:</b> See I-7.5.1
	<b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> No evidence
	<b>PRODECOOP - Nicaragua</b>
<b>I-7.5.3</b>	<b>Central America+Nicaragua</b>
	<b>LAIF - KfW-01 - Central America:</b> As mentioned above, the implementation phase of the programme is out of scope and only the issues of design are being considered by the evaluation.
	<b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> No evidence
	<b>PRODECOOP - Nicaragua</b>

<b>EQ 8</b>	<b>To what extent has the Commission PSD support contributed to facilitate the generation of employment?</b>
<b>Other relevant information (not captured elsewhere)</b>	Over both periods the Commission has provided support to human capital. The focus was not on PSD with a concern to generate employment but <b>rather a focus on education with a concern for the private sector's needs in terms of vocational training.</b>
<b>JC 8.1</b>	<b><i>The Commission monitors employment effects</i></b>
<b>Findings at JC level</b>	Selected interventions did not have the generation of employment as an expected results and so no effort was undertaken to monitor employment effects Up to now, the Commission has not monitored employment effect but characterisation study of PRAMECLIM has employment indicators (MN713,  According to Commission's staff: "[P]roblem with respect to statistics available in general including to monitor employment even though the situation is improving (FUNIDES)."
<b>I-8.1.1</b>	Description of Commission practices in terms of monitoring of employment effects (e.g. specific indicators defined)
<b>I-8.1.2</b>	Evolution of employment figures included in beneficiary progress reports to Commission
<b>I-8.1.1</b>	<p><b>Central America+Nicaragua:</b> Education indicators were defined (presented in Annex of CSP 2007-2013) <b>but no evidence of employment related indicators in strategy documents.</b></p> <p><b>LAIF - KfW-01 - Central America:</b> No mention is made in the programming document of intended employment effect of the intervention. <b>Only mention of employment as a justification for targeting SMEs:</b> <i>"In general, SME play an important role in the Central American countries counting for up to 95% of all private enterprises and providing jobs for up to 45% of the labour force." (Contribution request, p.3)</i></p> <p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> No evidence</p> <p><b>PRODECOOP – Nicaragua:</b> The programming documents emphasise that coffee production <b>is the greater source of employment</b> (seasonal and permanent) in the rural areas but none of the Expected Results of the intervention is related to generating employment.</p>
<b>I-8.1.2</b>	<p><b>Central America+Nicaragua</b></p> <p><b>LAIF - KfW-01 - Central America</b></p> <p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> No evidence</p> <p><b>PRODECOOP - Nicaragua</b></p>

<b>JC 8.2</b>	<b><i>Generation of employment has been a concern of the Commission when providing PSD support</i></b>
<b>Findings at JC level</b>	Even though the selected interventions did not have the generation of employment as their primary objective, <b>programming documents reflect Commission's concern for employment when providing PSD support</b> (employment mentioned for example as a justification of the action).
<b>I-8.2.1</b>	Commission strategy and programming documents explain how supported interventions will contribute to employment
<b>I-8.2.2</b>	Available reports explain how Commission support aimed at and did contribute to employment
<b>I-8.2.3</b>	Stakeholders consider that Commission interventions aimed at and did contribute to the generation of employment
<b>I-8.2.1</b>	<p><b>Central America+Nicaragua:</b> Rather <b>private sector's needs are a concern of the Commission when providing support to vocational training:</b> <i>"Non-governmental bodies, and in particular the private sector, will be actively encouraged to take part in both the planning and implementation of EC cooperation in this focal sector." (CSP 2002-2006, p.29)</i></p> <p><i>"[T]he EC made a long-term commitment and will continue to support and co-finance the 2001-2015 National Education Plan, with a special emphasis on primary and secondary schools as well as vocational training based on an assessment of the private sector's needs." (CSP 2007-2013, p.26)</i></p> <p><b>LAIF - KfW-01 - Central America:</b> Employment mentioned as a justification for targeting SMEs. See I-8.1.1</p> <p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> Even though generation of employment is not mentioned as such the programme seeks to <b>improve the level of qualification of human resources</b></p> <p><b>PRODECOOP – Nicaragua:</b> As mentioned above, the programming documents emphasise that coffee production is the <b>greater source of employment in rural areas.</b></p>
<b>I-8.2.2</b>	<p><b>Central America+Nicaragua</b></p> <p><b>LAIF - KfW-01 - Central America</b></p> <p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> Only mention that this contribution will be done <b>through training and by coordinating the reform of the education sector with the needs of enterprises.</b></p> <p><b>PRODECOOP - Nicaragua</b></p>
<b>I-8.2.3</b>	<p><b>Central America+Nicaragua</b></p> <p><b>LAIF - KfW-01 - Central America</b></p> <p><b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b></p>

	<b>PRODECOOP - Nicaragua</b>
<b>JC 8.3</b>	<b><i>Commission support to formalisation of MSMEs has contributed to increased employment opportunities</i></b>
<b>Findings at JC level</b>	<p>Even though one intervention targeted the formalisation of MSMEs <b>no evidence that it has increased employment opportunities</b>. Again no indicators foreseen to monitor employment effects.</p> <p>Commission's staff explained with respect to formalisation:  <i>"Also macro-economists have diagnosed that the informal economy is too big in Nicaragua and needs to be reduced to favour development."</i> (MN731)</p> <p>The Commission was wished to tackle this problem notably by <b>encouraging formalisation</b> (e.g. law 645 supported by PRAMECLIM)</p> <p>However, formalisation if not accompanied by proper capacity-building of the SMEs and well adapted regulatory framework may lead to adverse effects (excessive fiscal pressures, environmental requirements, etc.) (MN720 and project visits)</p> <p>Another problem noted by an IMF mission was the low labour productivity which has not been improving. (MN731)</p>
<b>I-8.3.1</b>	Evolution of employment figures within MSME sector in beneficiary countries during evaluation period
<b>I-8.3.2</b>	Number of MSMEs created in beneficiary countries during evaluation period
<b>I-8.3.1</b>	<b>Central America+Nicaragua</b>
	<b>LAIF - KfW-01 - Central America</b>
	<b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> No evidence. As a reminder the availability of <b>proper indicators is a general weakness of this programme</b> .
	<b>PRODECOOP - Nicaragua</b>
<b>I-8.3.2</b>	<b>Central America+Nicaragua</b>
	<b>LAIF - KfW-01 - Central America</b>
	<b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> No evidence of number but the target of the programme was revised according to ROM exercise to include the informal sector.
	<b>PRODECOOP - Nicaragua</b>
<b>JC 8.4</b>	<b><i>Commission SBS has increased private sector employment opportunities in the sectors supported</i></b>
<b>Findings at JC level</b>	As mentioned above SBS was foreseen in the PSD sector(not the selected interventions) but <b>it was suspended</b> for political reasons and issues of public finance management.
<b>I-8.4.1</b>	Evolution of employment figures in the sectors supported by Commission SBS during evaluation period

I-8.4.1	Central America+Nicaragua
	LAIF - KfW-01 - Central America
	<b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> This TA programme done in coordination with a SBS programme but not information gathered on that other intervention. Futhermore all SBS had to be suspended in Nicaragua due to political reason and issue of public finance management.
	PRODECOOP - Nicaragua
JC 8.5	<i>Commission support has contributed to the transition of entrepreneurs from the informal to the formal sector</i>
Findings at JC level	Commission's support has contributed to the transition of entrepreneurs from the informal to the formal sector <b>but no indicator available to measure the scale of such transition.</b>
I-8.5.1	Commission strategy and programming documents foresee support for the transition from the informal to the formal sector
I-8.5.2	Improvements in the transition from the informal to the formal sector
I-8.5.1	Central America+Nicaragua
	LAIF - KfW-01 - Central America
	<b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> As mentioned above the target of the programme was revised to include micro enterprises and the informal sector but <b>no information in the programming documents on the effect of this revision with respect to transition to formal sector.</b> According to a Commission's representative, <b>Commission's support did contribute to the transition of entrepreneurs from the informal to the formal sector:</b> <i>"The project trains municipality staff on how to support micro and SMEs to help them formalize themselves, with fiscal incentives.[...]With little means, they organized seminars and guidance to MSEntrepreneurs. Important to change the mind set of these entrepreneurs with respect to public authorities and the services they can offer (not only about paying taxes). The formalisation of these enterprises, I consider this to be an Impact."</i> (MN702)
	PRODECOOP - Nicaragua
I-8.5.2	Central America+Nicaragua
	LAIF - KfW-01 - Central America
	<b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> See I-8.5.1
	PRODECOOP – Nicaragua:

EQ 9	What was the Commission's added-value when providing support to PSD in third countries?
Other relevant information (not captured elsewhere)	At the regional level where the RSP informs that "EC cooperation should continue to focus on a limited number of added-value sectors" (RSP 2007-2013, p.21) but <b>no ex-post appreciation is given notably on the continued action over both periods in the field of institutional strengthening and regulatory framework.</b>
JC 9.1	<b>The Commission PSD strategies were geared towards the provision of Commission-specific benefits, as compared to private sector initiatives, other financing modalities and support provided by other actors</b>
Findings at JC level	As mentioned under I-2.4.1, Commission informs that <b>its VA will be a determining factor of its support overall and PSD related.</b> Overall: "The European Commission will concentrate its actions where it can add value and impact [...]" (p.20) But <b>with respect to PSD no clear idea over the first programming period on the nature of such VA.</b> According to Commission's staff: "Added-value has not yet kicked-in in designing because it is the first time that we enter in this sector (PSD)" (MN731)
I-9.1.1	Commission documents that lay down the overall (not country specific) PSD strategy of the Commission require that the Commission PSD strategies and interventions are chosen on the basis of, among other things, the specific benefits the Commission can provide
I-9.1.2	CSPs/RSPs and programming documents highlight the specific value added of the Commission support
I-9.1.3	Stakeholders consider that the potential value added of the Commission support has been a key criterion for deciding on the nature of the support to be provided
I-9.1.1	<p><b>Central America+Nicaragua</b></p> <p><b>LAIF - KfW-01 - Central America:</b> The implementation phase of this intervention is out of scope. Only issues related to design were considered by the evaluation. With respect to the VA of the Commission and design see I-2.4.1.</p> <p><b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b></p> <p><b>PRODECOOP - Nicaragua</b></p>
I-9.1.2	<p><b>Central America+Nicaragua:</b></p> <p>As mentioned above strategy documents <b>highlight specific value added of the Commission support but not in an ex-post fashion.</b></p> <p>For example, strategy documents <b>failed to mention the value added brought about by the use of "a sector approach financed through budget support"</b> in education (vocational training) or <b>failed to mention the value added of the Commission's simultaneously acting at the national and regional levels</b> when considering the challenges of PSD in light of regional integration.</p> <p><b>At the regional level also,</b> the RSP mentions the coherence and complementarity between the regional strategy and the national ones (RSP 2007-2013, p.22) but <b>no</b></p>

	reference to how this has brought an added-value to Commission's actions.
	<b>LAIF - KfW-01 - Central America</b>
	<b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> Yes programming document highlights such added value. See <i>JC 2.4</i> . But again <b>no mention is made of ex-post appreciation of this value-added.</b>
	<b>PRODECOOP – Nicaragua:</b> No mention of Commission's VA.
<b>I-9.1.3</b>	<b>Central America+Nicaragua</b>
	<b>LAIF - KfW-01 - Central America</b>
	<b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b>
	<b>PRODECOOP - Nicaragua</b>
<b>JC 9.2</b>	<b><i>The beneficiaries of Commission PSD support were not in a position to provide or to provide as swiftly and with the same results the support that was provided by the Commission</i></b>
<b>Findings at JC level</b>	Such comparison is not phrased in this way in the programming documents but <b>evidence in one selected intervention that the Commission's support was of critical importance for the beneficiaries</b> , and in the <b>two other cases assumptions may be made in this sense</b> . In the first case, it is evident because of the poverty/extreme poverty of the target group. With respect to the second case, the delicate relation between the public and private sector may mean that the Commission played the role of a neutral mediator but no information in this sense in the programming documents; and in the third case because of the difficulty of SMEs having access to finance for environment related investments but again this type of justification does not appear in the programming documents.
<b>I-9.2.1</b>	Evidence provided in strategy, programming documents and reports that show that beneficiaries at macro, meso- and micro level were not in a position to provide the support
<b>I-9.2.2</b>	Stakeholders consider that beneficiaries at macro, meso- and micro level were not in a position to provide the support
<b>I-9.2.1</b>	<b>Central America+Nicaragua</b>
	<b>LAIF - KfW-01 - Central America:</b> The Contribution request emphasises that: <i>"financial products regarding targeted investments for energy and environmental related measures have not been offered by the financial sector"</i> (p.3)
	<b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> The programming documents and the ROM exercise <b>point at the difficult dialogue for a series of reasons between the public and the private sectors</b> . Different activities of the programme seek to favor this dialogue and surely this is not a support that any donor can provide <b>but this is not highlighted in this was in the programming documents.</b>
	<b>PRODECOOP – Nicaragua:</b> This is <b>not highlighted in the programming documents</b> but considering the poverty of the targeted producers it <b>seems fair to assume that they were not in</b>



	<b>a position to provide the support.</b>
<b>I-9.2.2</b>	<p><b>Central America+Nicaragua:</b> According to Commission's staff, one added-value is the Commission's financial critical mass enabling it to intervene at macro, meso and micro levels such as supporting integrated approach, i.e. I&amp;R reforms led in parallel to competitiveness capacity building (e.g. PRAMECLIM) (MN702)</p> <p><b>LAIF - KfW-01 - Central America</b></p> <p><b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b></p> <p><b>PRODECOOP - Nicaragua</b></p>
<b>JC 9.3</b>	<b><i>The Commission's grant support had specific benefits</i></b>
<b>Findings at JC level</b>	<p><b>The Commission's grant support had specific benefits</b> giving access to finance to a poor population that would otherwise not have access to loans or by blending grant funding with loans leverage a critical mass of funding overall <b>but this is not presented in the programming document as an added value</b> of Commission's support.</p> <p>Commission's staff comments in this respect: <i>"VA with respect to the IDB: they have a loan oriented approach and hence this limits the targeted beneficiaries to be big actors." (MN719)</i></p>
<b>I-9.3.1</b>	Areas of PSD support selected by the Commission are generally not considered as fit for loan funding or for other financing modalities
<b>I-9.3.2</b>	Evidence provided in evaluation/ monitoring reports on the value added of the Commission through blending grant funding with other modes and sources of funding
<b>I-9.3.3</b>	Stakeholders consider that the Commission had value added through blending grant funding with other modes and sources of funding
<b>I-9.3.4</b>	Elements provided in strategy, programming documents, and reports that show other specific benefits of grant funding for the interventions
<b>I-9.3.5</b>	Stakeholders are able to show other specific benefits of the grant funding for the PSD support provided
<b>I-9.3.1</b>	<p><b>Central America+Nicaragua</b></p> <p><b>LAIF - KfW-01 - Central America</b></p> <p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> Such specific benefits are not highlighted either in the programming documents.</p> <p><b>PRODECOOP – Nicaragua:</b> This is not mentioned again in the programming document but considering the poverty of the producers targeted <b>it seems fair to assume that they would not have been considered eligible for loan funding.</b></p>
<b>I-9.3.2</b>	<p><b>Central America+Nicaragua</b></p> <p><b>LAIF - KfW-01 - Central America:</b> Even though the <b>LAIF intervention consists in blending grants and loans</b></p>

	<p><b>funding</b> with the programming documents emphasising the high leverage of the Commission (€3M grants financed through LAIF for €33,33M loans financed by KfW and the Central American Bank of Economic Integration-CABEI) this is not phrased as a value added of Commission's support even at the level of design.</p> <p><b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b></p> <p><b>PRODECOOP – Nicaragua:</b> No evidence</p>
I-9.3.3	<p><b>Central America+Nicaragua</b></p> <p><b>LAIF - KfW-01 - Central America</b></p> <p><b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b></p> <p><b>PRODECOOP - Nicaragua</b></p>
I-9.3.4	<p><b>Central America+Nicaragua</b></p> <p><b>LAIF - KfW-01 - Central America</b></p> <p><b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b></p> <p><b>PRODECOOP – Nicaragua:</b> No elements provided</p>
I-9.3.5	<p><b>Central America+Nicaragua</b></p> <p><b>LAIF - KfW-01 - Central America</b></p> <p><b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b></p> <p><b>PRODECOOP - Nicaragua</b></p>
<b>JC 9.4</b>	<b><i>The Commission had a specific value added compared to the support provided by other public actors, in particular but not only EU MS</i></b>
<b>Findings at JC level</b>	<p>Overall EU support to Nicaragua is significant (over 50% of ODA) but no information on specific weight of Commission's contribution to PSD. Programming documents do mention a comparative advantage of the Commission's support vis-à-vis other donors <b>but no clear <i>ex-post</i> information in what this advantage has consisted in.</b> With respect to <b>procedures, they have been considered by beneficiaries as a disadvantage</b> rather than value added.</p> <p>During the field phase the following VA were mentioned by Commission's staffs: <b>Commission's openness to dialogue on PSD</b> proposals put forwards notably by the GoN is an AV and may be explained by the absence of a strong political agenda in the sector unlike other bilateral actors. This being said the Commission considers that –despite the Paris Declaration- the government is not always the best counterpart especially in PSD. (MN731)</p> <p>Along the same lines; VA vis-à-vis the UN: <i>“VA with respect to the UN is that it is has less freedom vis-à-vis the members of their General Assembly including GoN and they have to fund what the government wants.”</i> (MN719)</p> <p>Still according to Commission's staffs, another AV resides in the fact that the Commission <b>maintains its presence and support when other donors are leaving</b> the country: <i>“We stay in the country to cooperate with the people of Nicaragua”</i></p>

	<p>(The Commission has never put its withdrawal on the agenda to be discussed by the EU MS) (MN731)</p> <p><b>Its BS instrument initially adapted to Nicaragua</b> (according to OEVD-DAC evaluation of BS in 2006)</p> <p>According to Commission's staffs, Commission in related sector such as trade and regional integration and this is also a source of AV (MN702, MN716, MN731):</p> <ul style="list-style-type: none"> <li>- Trade: the AA will give market opportunities to SMEs that cannot grow on the basis of the small low income national market. The Commission has strove to mitigate potential adverse effect of AA notably by excluding the "maquila" system from its focal sector</li> </ul> <p>Regional integration: support of specific actions such as harmonisation in the field of technical standards, rules of origins, quality</p>
I-9.4.1	Documents show and stakeholders consider that the Commission's support at country and/or intervention level was of significant financial weight compared to the support provided by other actors
I-9.4.2	Documents show and stakeholders consider that the Commission provided a technical expertise that could not be provided by other actors (to the extent possible to be broken down by area of intervention)
I-9.4.3	Documents show and stakeholders consider that the Commission infused EU best practice and standards through its support
I-9.4.4	Documents show and stakeholders consider that the Commission's procedures offered advantages compared to those of other actors
I-9.4.5	Documents show and stakeholders consider that the fact that the support was provided by the Commission as representing the EU offered specific advantages
I-9.4.6	Documents show and stakeholders consider provide examples of other types of VA
I-9.4.1	<p><b>Central America+Nicaragua</b></p> <p><b>LAIF - KfW-01 - Central America</b></p> <p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> Overall EU support to Nicaragua is significant (See EQ3) no information on the specific weight of the Commission in the PSD sector but the programming document emphasises numerous synergies with other Commission programmes at both regional and national level (including a SBS of €20m even though it was suspended) (See I-2.5.2)</p> <p><b>PRODECOOP – Nicaragua:</b> No information on support provided by other actors</p>
I-9.4.2	<p><b>Central America+Nicaragua</b></p> <p><b>LAIF - KfW-01 - Central America</b></p> <p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> Again mention in programming documents of "advantages over other donors" but not in an <i>ex post</i> appreciation of what it has achieved. (see JC. 2.4 for the areas of</p>

	interventions)
	<b>PRODECOOP – Nicaragua:</b> No evidence
I-9.4.3	<b>Central America+Nicaragua</b>
	<b>LAIF - KfW-01 - Central America</b>
	<b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> No evidence
	<b>PRODECOOP – Nicaragua:</b> No evidende
I-9.4.4	<b>Central America+Nicaragua</b>
	<b>LAIF - KfW-01 - Central America</b>
	<b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> The ROM exercise considers that the <b>Devis-programme procedures has allowed the Ministry to better anticipate the amount of aid to be received and therefore better coordinate between this intervention and other. Still according to monitor, this procedure has a positive indirect effect on the beneficiary ministry as it obliges it to evolve from an implementing instution to a planning institution. (BCS 120221.02)</b>
	<b>HOWEVER</b> , such benefits not perceived by the Ministry of Industry and Commerce which thinks that the <b>Devis-Programmes ignores the recommendation on Aid-Effectiveness made by the Paris Declaration and the Accra Agenda by obliging the partner country to adapt to the donor procedure when it should be the other way around. (BCS 120221.02)</b>
	<b>PRODECOOP – Nicaragua:</b> No evidende
I-9.4.5	<b>Central America+Nicaragua</b>
	<b>LAIF - KfW-01 - Central America</b>
	<b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> No evidence
	<b>PRODECOOP – Nicaragua:</b> No evidende
I-9.4.6	<b>Central America+Nicaragua</b>
	<b>LAIF - KfW-01 - Central America</b>
	<b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> No evidence
	<b>PRODECOOP – Nicaragua:</b> No evidende

<b>EQ 10</b>	<b>To what extent were the Commission's organisational set-up and management practices fit to a successful implementation of its PSD support?</b>
<b>Other relevant information (not captured elsewhere)</b>	
<b>JC 10.1</b>	<b><i>The devolution facilitated the implementation of the Commission PSD support</i></b>
<b>Findings at JC level</b>	<p>According to EU Del:</p> <ul style="list-style-type: none"> <li>• On the one hand <b>devolution favoured ownership by EU Del and improved policy dialogue with national authorities</b></li> <li>• On the other hand, at the implementation level, it drastically <b>increased the workload and lowered the availability of staff to communicate with beneficiaries</b>. Nuance between the workload created by the devolution of responsibilities and the workload caused by certain instruments such as PE (according to EU Del the latter is the problem) (MN716, MN 732)</li> </ul> <p>Still according to EU Del. <b>it must be reminded that devolution is not full and that approval is still needed</b> (for addenda to contracts for ex.). Sometimes, even if they have the power to decide on something, they argue with beneficiaries that Brussels is not in favour in order to maintain good working relationships on the ground. (MN731)</p> <p>With respect to interventions <b>financed by Investment Facilities</b> in general and LAIF in particular, <b>EU Delegations are quite isolated</b> from the identification, design and implementation of these interventions.</p>
<b>I-10.1.1</b>	Stakeholders provide evidence that the devolution to delegations contributed to facilitating to the implementation of PSD support (e.g. better knowledge of local needs/priorities, better interaction with local stakeholders, notably of the private sector, etc.)
<b>I-10.1.2</b>	Stakeholders do not consider that there were major drawbacks of the devolution to delegations in terms of PSD support (e.g. less direct linkages with the European private sector, less coherence in the approach, etc.)
<b>I-10.1.3</b>	Stakeholders, such as major private sector operators in countries, are of the view that the EU Delegations make efforts to understand the private sector fabric and its constraints
<b>I-10.1.1</b>	<p><b>Central America+Nicaragua</b></p> <p><b>LAIF - KfW-01 - Central America:</b></p> <p>According to Commission's representative, the EUD delegation is not sufficiently involved in the programmes financed by the Investment facilities in general and also true for the LAIF:</p> <p><i>"Too little involvement from EUD. For example, the KfW, AfD or DFID directly approach</i></p>

	<p><i>the NIF board and this happens directly in parallel with the Delegation not knowing. Issue of coordination of the Delegation, they need to be aware and use these facilities more strategically” (MN 702)</i></p> <p>Still according to this Commission’s representative, a module on Investment Facilites <b>was recently</b> included in the PSD training given three times a year to EUD to address this problem.</p>
	<b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b>
	<p><b>PRODECOOP – Nicaragua:</b></p> <p>ROM exercise considers that interaction with the EU Delegation was “<i>a bit difficult</i>” notably due to a lack of clarity on who was responsible. This was further complicated by the fact that it was not clear also who within PRODECOOP and HIVOS- Humanistic Institute for Cooperation with Developing Countries (the organisation which has signed the FA) was responsible for maintaining the contact with the EU Del.</p>
<b>I-10.1.2</b>	<b>Central America+Nicaragua</b>
	<b>LAIF - KfW-01 - Central America</b>
	<b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b>
	<b>PRODECOOP - Nicaragua</b>
<b>I-10.1.3</b>	<b>Central America+Nicaragua</b>
	<b>LAIF - KfW-01 - Central America</b>
	<b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b>
	<b>PRODECOOP - Nicaragua</b>
<b>JC 10.2</b>	<b><i>The division of responsibilities between different DGs did not hamper an optimal implementation of the Commission’s PSD support in the different countries’/regions concerned</i></b>
<b>Findings at JC level</b>	<p>Difficult to appreciate whether the division of responsibilities between different DGs has hampered or not optimal implementation of PSD support but <b>awareness on the need to share information between different DGs on PSD related matters</b> and <b>since 2009 training/workshops</b> have been organised three times a year involving other DGs notable SANCO and TRADE to discuss matters such as SPS (sanitary and phyti-sanitary rules) or market access.</p> <p>According to EU Del., <b>signigicant improvement when it comes to information sharing/coordination between the different DGs</b> towards the end of the evaluation period. The posting of GD Trade staff in Eu Del (early 2010 in the case of the EU Del in Managua) is a strong contribution to build such shared vision (MN 716, Mn719, MN 731, MN 732)</p> <p>However, they see <b>a challenge in the coordination between the different departments</b> (e.g. insufficient knowledge sharing between thematic staff and geographical staff). Lack of information-sharing also sometimes vertically within the geographical staffs. (MN719, MN731)</p>
<b>I-10.2.1</b>	The Commission had formal mechanisms to ensure collaboration between its different DGs involved with PSD related matters, including in terms of transfer of

	knowledge on PSD support within and outside the EU
I-10.2.2	Stakeholders consider that Commission support in third countries has benefited from general PSD knowledge and networks present within the Commission
I-10.2.1	<p><b>Central America+Nicaragua:</b></p> <p>According to Commission's representative one formal mechanism put in place for knowledge sharing is the <b>training organised on PSD three times a year since 2009</b> which is not considered as a top down process but is really envisaged as a workshop to share knowledge and experience. <b>Other DGs participate in this training</b> SANCO in a systematic way and DG Trade when the training is organised in Brussels (at least once a year). This representative also refers to the difficulty of collaboration between the different DGs:</p> <p><i>"Not always easy to work with other DGs – they have their specific concepts and can be isolated from the rest of the training."</i> (MN702)</p> <p>Out of scope but worth noting that other DGs were involved in the drafting of the new guidelines: <i>" DG ENTR: we worked with them on the 2011 TPSD (and also with DG TAXUD, TRADE and other DGs)."</i> (MN702)</p> <p><b>LAIF - KfW-01 - Central America:</b> No evidence</p> <p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> No evidence</p> <p><b>PRODECOOP – Nicaragua:</b> No evidence</p>
I-10.2.2	<p><b>Central America+Nicaragua</b></p> <p><b>LAIF - KfW-01 - Central America</b></p> <p><b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b></p> <p><b>PRODECOOP - Nicaragua</b></p>
JC 10.3	<b><i>The Commissions' HR policy was conducive to an optimal design and implementation of its PSD support</i></b>
Findings at JC level	<p>Very few information obtained on Commission's HR policy (none in the strategy and programming documents). At HQ, <b>each individual working for the Unit in charge of PSD has a double expertise: geographic and thematic</b> (a total of approximately eight themes related to PSD). The idea being that they can exchange among themselves in order to have the required overall expertise. <b>The person in charge of Latin American and Central America is a micro-finance expert</b> and is also the Commission's focal point for microfinance.</p> <p>According to EU Del., there are efforts from HQs to build shared vision of PSD notably through training. PSD training scheme described above considered relevant at EU Del level but not well planned and no sufficient budget allocated to it (MN 719, MN 731)</p>
I-10.3.1	Existence of a specific HR policy for the management of Commission support to PSD in third countries

I-10.3.2	Existence of sufficient dedicated staff specialised in PSD matters both at HQ and Delegation level
I-10.3.3	Existence of specialised PSD trainings for staff in charge of PSD matters
I-10.3.4	Staff in charge of the Commission's PSD support is conversant with PSD constraints, and are well aware of the strategy and guidance documents, as well as of specific tools developed by the Commission for implementation
I-10.3.5	Stakeholders consider that Commission HR policy was a strength/weakness of PSD support
I-10.3.1	<b>Central America+Nicaragua:</b> No evidence
	<b>LAIF - KfW-01 - Central America</b>
	<b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> No evidence
	<b>PRODECOOP – Nicaragua:</b> No evidence
I-10.3.2	<b>Central America+Nicaragua:</b> See I-10.3.4
	<b>LAIF - KfW-01 - Central America:</b> No evidence
	<b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> No evidence
	<b>PRODECOOP – Nicaragua:</b> No evidence
I-10.3.3	<b>Central America+Nicaragua:</b> See I-10.2.1
	<b>LAIF - KfW-01 - Central America:</b> No evidence
	<b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> No evidence
	<b>PRODECOOP – Nicaragua:</b> No evidence
I-10.3.4	<b>Central America+Nicaragua:</b> The person in charge of Central America within Unit C4 has been in place only for two years. <b>He is conversant with the new guidelines.</b> With respect to his knowledge of PSD, he has worked in the past on Microfinance and this is his thematic contribution to the Unit (and to the Commission as he is the focal point on microfinance). Each member of the Unit has a double expertise: geographic and thematic (there are approximately 8 themes related to PSD covered). The idea being that they can exchange with one another in order to have the overall expertise.



	<b>LAIF - KfW-01 - Central America:</b> No evidence
	<b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> No evidence
	<b>PRODECOOP – Nicaragua:</b> No evidence
<b>I-10.3.5</b>	<b>Central America+Nicaragua</b>
	<b>LAIF - KfW-01 - Central America</b>
	<b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b>
	<b>PRODECOOP - Nicaragua</b>
<b>JC 10.4</b>	<b><i>The Commission developed and used specific tools and guidance to facilitate the design and implementation of its PSD support</i></b>
<b>Findings at JC level</b>	One type of guidance mentioned both by Commission's representative and in monitoring documents is the one offered by the Quality Support Group. As mentioned under EQ1, it seems that no specific efforts were undertaken in order to take advantage of the 2005 global PSD evaluation. (MN731)
<b>I-10.4.1</b>	Description of available tools and guidance for the Commission support to PSD
<b>I-10.4.2</b>	Knowledge and use of these tools and guidance by Commission staff in charge of support to PSD
<b>I-10.4.3</b>	Commission staff expressed the view that these tools and guidance were useful
<b>I-10.4.1</b>	<b>Central America+Nicaragua:</b> According to Commission's representative the QSG process provide some guidance for commission support to PSD. He is the thematic expert of the Unit in microfinance and therefore gives some guidance on interventions related to this topic to EUD well ahead of the QSG process to try to avoid problems of design and implementation further down the line. Again the person interviewed has been in place only for two years and he only referred to the TPSD guidelines developed in mid-2011. (MN702)
	<b>LAIF - KfW-01 - Central America:</b> No evidence
	<b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> The ROM exercise refers to the guidance received by the <b>Quality Support Group (QSG)</b> on the Action Fiche and <b>the fact that the comments made were taken into account and "significantly improved the performance of the programme"</b> . (BCS 120221.02)
	<b>PRODECOOP – Nicaragua:</b> No evidence of such tools and guidance. The ROM exercise selected "N/A" for the guidance by the QSG.
<b>I-10.4.2</b>	<b>Central America+Nicaragua:</b>

	See I-10.4.1
	<b>LAIF - KfW-01 - Central America</b>
	<b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b>
	<b>PRODECOOP - Nicaragua</b>
<b>I-10.4.3</b>	<b>Central America+Nicaragua:</b> Commission's representative argued that the new <b>TPSD guidelines (mid-2011)</b> were a precious <b>tool for information sharing</b> . (MN 702).
	<b>LAIF - KfW-01 - Central America</b>
	<b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b>
	<b>PRODECOOP - Nicaragua</b>
<b>JC 10.5</b>	<b><i>The Commission monitored/evaluated its support to PSD and used and disseminated the results</i></b>
<b>Findings at JC level</b>	<b>No evidence of specific systems or set of indicators related to PSD</b> , in the case of one selected intervention even a criticism on the absence of baseline and indicators. However, <b>all selected interventions have been monitored and evaluated and these processes were useful to redirect strategies</b> and programming. The exception being the intervention financed by LAIF where the procedure used for monitoring and evaluating is not the Commission's procedures and very little visibility on the results.  Evidence from field phase, that EU Del is willing to improve operation M&E (e.g. constitution of a baseline for the programmeCOMPETTIVIDAD thanks to the programme PRAMECLIM. (MN717, MN724, MN 731)
<b>I-10.5.1</b>	The Commission developed specific systems and sets of indicators to monitor and evaluate its support to PSD both at HQ and country level
<b>I-10.5.2</b>	The above mentioned monitor/evaluation systems were operational
<b>I-10.5.3</b>	The results of the monitoring and evaluations were disseminated and used to redirect strategies and programming
<b>I-10.5.4</b>	Stakeholders consider that monitoring and evaluation systems were useful to improve design and implementation of the PSD support
<b>I-10.5.1</b>	<b>Central America+Nicaragua:</b> <b>No mention of specific systems or set of indicators related to PSD</b> but mention of results of a series of thematic evaluations conducted at the national level some related to PSD (see I-3.4.1)
	<b>LAIF - KfW-01 - Central America:</b> Monitoring and annual evaluations are foreseen at the different levels of the programmes (Financial institutions and SMEs) but these are not under the responsibility of the Commission and are managed by KfW and CABEI. ( <i>Financing agreement, p.11</i> )
	<b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b>

	<p>The programme was monitored twice and two evaluations –mid-term and final– are foreseen. <b>However, the ROM exercise points to a lack of baselines and indicators to allow for a proper monitoring</b> and suggest that the team of the programme finds some time to improve these indicators.</p>
	<p><b>PRODECOOP – Nicaragua:</b> No mention of specific systems or set of indicators related to PSD but the intervention was <b>monitored three times and evaluated (mid-term and final).</b></p>
I-10.5.2	<p><b>Central America+Nicaragua</b></p>
	<p><b>LAIF - KfW-01 - Central America:</b> As mentioned above the implementation phase of this programme is out of scope.</p>
	<p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> See previous indicator.</p>
	<p><b>PRODECOOP – Nicaragua:</b> See previous indicator.</p>
I-10.5.3	<p><b>Central America+Nicaragua:</b> The thematic evaluations mentioned above were instrumental in the <b>evolution of the Commission's cooperation from a project-based approach towards a sector-oriented approach in Nicaragua.</b></p>
	<p><b>LAIF - KfW-01 - Central America</b></p>
	<p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> No evidence</p>
	<p><b>PRODECOOP – Nicaragua:</b> According to ROM exercise, <b>yes the results of the monitoring and evaluations were used to redirect and improve the intervention.</b> Recommendations taken into account were:</p> <ul style="list-style-type: none"> <li>• To define an exit strategy</li> <li>• To improve the focus on gender</li> </ul>
I-10.5.4	<p><b>Central America+Nicaragua</b></p>
	<p><b>LAIF - KfW-01 - Central America:</b> According to Commission's representative, there is a problem of information sharing with respect to the monitoring and evaluation of programmes funded by Investment Facilities in general, also true for LAIF:</p> <p><i>“thematic units at HQ (my unit for ex.) we are involved at the beginning but then once it is up and running no visibility on what is happening. No information exchange system. Monitoring of projects funded under IFs: AFD and KfW use their own monitoring procedures. We have the Annual Report of NIF or LAIF but this is insufficient.”</i></p> <p>This does not mean that the monitoring procedure itself is not good but raises a problem with the sharing of results.</p>
	<p><b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b></p>
	<p><b>PRODECOOP - Nicaragua</b></p>

<b>JC 10.6</b>	<b><i>The Commission developed and used specific mechanisms to ensure capitalisation and sharing of its knowledge with respect to PSD</i></b>
<b>Findings at JC level</b>	<p>With respect to <b>mechanism of capitalisation with other actors</b>, there are two <b>sector tables</b> in Nicaragua: one on <b>SMEs</b> and the other on Budget Support (BS was initially foreseen for PSD but then it was abandoned due to political reason and public finance management). <b>With respect to mechanism of capitalisation within the Commission</b>, Commission's representative mentioned a <b>training/workshop organised three times</b> a year notably to allow EUD to share on their experience and knowledge with respect to PSD.</p> <p>According to EU Del., the issue of <b>staff rotation is always problematic when it comes to ensuring capitalisation</b> even though one could argue that if the EU Del loses someone the Commission rarely does but still this person needs to be tracked-down. <b>Take-over procedures exist but their usefulness sometimes questioned.</b> (MN731)</p> <p>For the quality of communication between both 1) stakeholders/beneficiaries; and 2) Eu Del and HQs, the human factor kept coming back. (MN710, MN719, MN731)</p>
<b>I-10.6.1</b>	Description of existing mechanisms (networks, working groups, etc.) to ensure capitalisation of Commission knowledge on PSD both among Commission staff concerned with implementation of PSD support inside and outside the EU
<b>I-10.6.2</b>	Knowledge and involvement of staff concerned with PSD support in third countries with these mechanisms
<b>I-10.6.3</b>	Stakeholders expressed the view that these mechanisms are useful, with specific results generated and possible drawbacks
<b>I-10.6.1</b>	<p><b>Central America+Nicaragua:</b> There are two mechanisms that <b>are not Commission specific but may allow for information sharing on PSD among all donors in Nicaragua: the sector tables</b> (there is one Production and Competitivity see below) <b>and the Budget Support Working Group.</b></p> <p><b>LAIF - KfW-01 - Central America</b></p> <p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> <b>Not Commission specific but</b> programming documents informs that there is a roundtable on “Production and Competitivity” with a <b>“sub-group”</b> (<i>sub-mesa</i>) on <b>SMEs</b>. This <b>coordination mechanism between donors will be used to share information on this programme</b> according to AF: <i>“Ce projet s'insérera dans ce mécanisme de coordination existante.”</i> (p.5)</p> <p><b>Another mechanism is the coordination committee of the programme itself which will gather all stakeholders including representatives of the private sector:</b></p> <p><i>“Afin de garantir la coordination nécessaire du projet, le bénéficiaire conformera un Comité Consultatif de Coordination (CCC) qui sera présidé par le MIFIC et réunira au moins deux</i></p>

	<p><i>fois par an, les représentants des organisations publiques et privées concernées par le projet ainsi qu'un représentant de la Délégation de la CE (qui assistera comme observateur). Les avis émis par ce Comité auront valeur de recommandation et d'orientation.” (p.10)</i></p>
	<p><b>PRODECOOP – Nicaragua:</b> No evidence</p>
<b>I-10.6.2</b>	<p><b>Central America+Nicaragua:</b> According to Commission’s representative a training is organised three times a year since 2009 with the objective to share information and experience and involve EUD. See I-10.2.1</p>
	<p><b>LAIF - KfW-01 - Central America:</b> No evidence</p>
	<p><b>Mejora del Clima de Negocios e Inversiones – Nicaragua:</b> See I-10.6.1</p>
	<p><b>PRODECOOP – Nicaragua:</b> No evidence</p>
<b>I-10.6.3</b>	<p><b>Central America+Nicaragua:</b> Even though no specific result mentioned, Commission’s representative considers the training sessions to be useful. These are being adapted for example a new module will be now introduced on the Investment Facilities. (MN 702).</p>
	<p><b>LAIF - KfW-01 - Central America</b></p>
	<p><b>Mejora del Clima de Negocios e Inversiones - Nicaragua</b></p>
	<p><b>PRODECOOP - Nicaragua</b></p>



## No. 6: SPSP Economic Cluster (SBS) - South Africa

<b>Employment creation, Sector Policy Support to the Economic Cluster Programme of Action (DCI-AFS/2008/019-653)</b>	
<b>Intervention Type</b>	General Budget Support
	✓ Sector Budget Support
	Project-approach
<b>Start date &amp; End date</b>	<ul style="list-style-type: none"> <li>▪ <i>Start Date: 28 February 2006</i></li> <li>▪ <i>End Date: 31 December 2013</i></li> </ul>
<b>Budget: committed, contracted, disbursed</b>	<ul style="list-style-type: none"> <li>▪ <i>Committed: €100,000,000</i></li> <li>▪ <i>Contracted: €100,000,000</i></li> <li>▪ <i>Disbursed: €20,000,000</i></li> </ul>
<b>Beneficiary</b>	<ul style="list-style-type: none"> <li>▪ <i>Direct Beneficiary: Department of Trade and Industry</i></li> <li>▪ <i>End beneficiaries : Historically disadvantaged people.</i></li> </ul>
<b>Country/Region</b>	South Africa
<b>Intervention Description</b>	The EC's support will allow for consortia of government departments to have access to finance where a cross cutting solution to employment creation, skills promotion and strengthening SMEs capacity is required especially for historically disadvantaged persons. It will also allow for government departments to partner with provincial and local organisations, research centres, the private sector, and labour or civil society, and further develop the Public Private Partnership (PPP) concept in various productive sectors.
<b>Intervention Background &amp; History</b>	The Economic Cluster was established to provide cross-cutting interventions through the implementation of the Cluster programme of action (PoA), fully aligned to the South African Government's Accelerated and Shared Growth Initiative of South Africa (AsgiSA). The EC programme is well debated with EU and non-EU development partners through the Employment Promotion and Skills Development Donors' Working Group. Collaboration is envisaged with the DFID employment (capacity development) programme which is currently under preparation.
<b>Overall objectives</b>	To support a better implementation of the Economic Cluster Programme of Action (PoA) thereby contributing to the target of halving unemployment and poverty by 2014 as set out in the AsgiSA. This will aim at strengthening joint, cross departmental initiatives and, where relevant, multi-stakeholders' partnerships to support efficient solutions to the unemployment challenge in SA.
<b>Specific objectives</b>	To contribute, in particular, to support the aims of three out of the five focus sectors of the Economic Cluster in: building a competitive labour absorbing economy through industrial policy; promoting equity and development; and ensuring priority skills for the economy.
<b>Expected results</b>	<u>Result 1:</u> Creating long-term quality employment <u>Result 2:</u> Promoting equitable national growth for the economically marginalised <u>Result 3:</u> Improving business enabling environment <u>Result 4:</u> Increasing capacity and skills in the productive sectors of the economy
<b>Main Activities</b>	The main activities will be contributing to the policy dialogue with key stakeholders around Economic Cluster key priorities paying particularly attention to smooth implementation of the Economic Cluster programme of action and monitor performance against agreed KPIs. These activities will include monitoring the conditions for the release of tranches.

## No. 7: Risk Capital Facility 2 (SBS) - South Africa

Support to the Risk Capital Facility (Phase 2) AFS/2005/017-578	
<b>Intervention Type</b>	General Budget Support
	✓ Sector Budget Support
	Project-approach
<b>Start date &amp; End date</b>	<ul style="list-style-type: none"> <li>▪ <i>Start Date:</i> 2006</li> <li>▪ <i>End Date:</i> 2013</li> </ul>
<b>Budget: committed, contracted, disbursed</b>	<ul style="list-style-type: none"> <li>▪ <i>Committed:</i> €50 m</li> <li>▪ <i>Contracted:</i> €49.8 m</li> <li>▪ <i>Disbursed:</i> €49.8m (based on the evaluation's inventory)</li> </ul>
<b>Beneficiary</b>	<ul style="list-style-type: none"> <li>▪ <i>Direct Beneficiary:</i> the government of South Africa</li> <li>▪ <i>End beneficiaries:</i> South African MSME entrepreneurs and employees, particularly those within historically disadvantaged populations.</li> </ul>
<b>Country/Region</b>	South Africa
<b>Intervention Description</b>	The EC Support to the Risk Capital Facility aims to provide employment opportunities to historically disadvantaged persons (HDPs) active within the small and medium enterprise sector through providing support to the Risk Capital Facility (RCF) set up by GoSA and managed by the Industrial development Corporation of South Africa (IDC), for an amount of €50 m in the form of budget support.
<b>Intervention Background &amp; History</b>	The intervention was an extension of the previous Private Sector Support Programme of €52 m, which established the Risk Capital Facility (RCF1). The extension, RCF2, provided financing at cost and not in the form of grants, as in RCF1. The investee companies therefore paid for the business support services from a low or interest-free loan, with flexible and affordable repayment terms. This helps ensure the responsible use of these services by investees.
<b>Overall objectives</b>	To contribute to economic growth of South Africa and to promote the participation of historically disadvantaged people (HDP) in its economy.
<b>Specific objectives</b>	To contribute to job-creation, through the provision of financial assistance in the form of equity and quasi-equity to small and medium enterprises. The intervention supported the investments of the Risk Capital Facility by supplying low or interest-free loans to enable SMEs to acquire technical assistance and training.
<b>Expected results</b>	<ol style="list-style-type: none"> <li>1. SMEs access to development funding increased, resulting in some 25 enterprises having been funded in year one, approximately 30 enterprises in year two and approximately 15 enterprises in year three.</li> <li>2. Increased numbers of <u>new</u> jobs created for historically disadvantaged people (HDP) in particular for women, resulting in some six thousand new jobs.</li> <li>3. A revolving self sustainable risk capital facility has been established, which is on target to achieve the financial goals established by the D'TI and to meet the agreed expectations of other investors.</li> <li>4. Increased HDP empowerment through shareholding and possibilities for HDPs to hold managerial positions. As a result of RCF investment in a company, it will achieve 25% HDP ownership within one year from investment.</li> <li>5. Access to and use of BSS has been improved through effective assistance to SMEs. As a result the Investees have received adequate BSS in the form of management training, technical assistance and monitoring over the project lifetime.</li> </ol>



	<p>6. Increased South African SME investments in neighbouring countries. Resulting in funding of approximately 15 South African SMEs investing cross border to provide around 500 new BEE jobs. Around 30% of the jobs should be for women.</p> <p>7. Environmental enhancement activities will be actively encouraged. The socio-cultural, health and environmental aspects of Investee businesses have been strengthened. As a result every Investee business has socio-cultural, HIV/Aids and environmental protection plans according to South African law. The progress against plans will be monitored and measured yearly.</p>
<b>Main Activities</b>	<p>Provision of the following sums for support to the Risk Capital Facility:</p> <ul style="list-style-type: none"> <li>a. €2.5 m provision for implementation support .</li> <li>b. €0.7 m for the provision of TA for evaluation, reviews and policy development,</li> <li>c. €0.15 m reserved for Audit.</li> <li>d. €0.35 m is set aside for contingencies.</li> </ul>

## No. 8: Local economic development - Kwazulu Natal - South Africa

Local economic development support programme in Kwazulu Natal (AFS/2002/004-557)	
Intervention Type	General Budget Support
	Sector Budget Support
	✓ Project-approach
Start date & End date	<ul style="list-style-type: none"> <li>▪ <i>Start Date: 18 June 2003</i></li> <li>▪ <i>End Date: 31 December 2012</i></li> </ul>
Budget: committed, contracted, disbursed	<ul style="list-style-type: none"> <li>▪ <i>Committed: €38.5 million</i></li> <li>▪ <i>Contracted: €34.1 million</i></li> <li>▪ <i>Disbursed: €33.4 million</i></li> </ul>
Beneficiary	<ul style="list-style-type: none"> <li>▪ <i>Direct Beneficiary: Government of the Republic of South Africa, Department of Economic Development and Tourism</i></li> <li>▪ <i>End beneficiaries : the population of Kwazulu Natal</i></li> </ul>
Country/Region	South Africa
Intervention Description	The KwaZulu-Natal (KZN) Local Economic Development (LED) support programme is a six-year programme designed to support the provincial Department Of Economic Development and Tourism (DEDT) and a broad range of other stakeholders' to more effectively implement LED that achieves equitable economic growth in the Province.
Intervention Background & History	This programme aimed to support the on-going transformation of the DEDT's LED, Small Business Development and Rural Economic Development functions. The DEDT also aimed to bring to the programme the support of Trade and Investment KZN (TIK), Ithala (a development finance public entity) and Tourism KZN, which have a critical role in Accessing finance, investment facilitation and tourism.
Overall objectives	To improve the quality of life of the people of KwaZulu Natal.
Specific objectives	To achieve equitable economic growth, starting initially in selected 'learning areas' and then replicating Local Economic Development (LED) zones across the province.
Expected results	<ol style="list-style-type: none"> <li>1. Increased stakeholder engagement in LED process and improved stakeholder capacity to develop effective strategies and projects</li> <li>2. LED enabling environment strengthened</li> <li>3. Mechanisms for learning, knowledge exchange and replication have been established and are working</li> <li>4. Effective LED management functions established and transferred</li> </ol>
Main Activities	<ul style="list-style-type: none"> <li>▪ Identify local stakeholders and conduct capacity building measures to promote effectiveness of LED fora</li> <li>▪ Provide support to LED fora including needs analysis, strategy formulation and project selection criteria definition</li> <li>▪ Assist project implementation and monitoring</li> <li>▪ Support strategies to cope with HIV/AIDS and TB in the workplace</li> <li>▪ Support the revision of administrative and regulatory framework</li> <li>▪ Facilitate knowledge collection and dissemination</li> <li>▪ Recruit and train reporting lines for local area office and provincial PMU staff and M&amp;E unit</li> <li>▪ Support drafting of project proposals, secure funding, assist in implementation</li> <li>▪ Write updates of operation plans with quantified indicators of achievement</li> <li>▪ Transfer management and LED facilitation capacity to local institutions</li> </ul>

## Data Collection Grid – South Africa

<b>EQ 1</b>	<b>To what extent did the Commission's PSD strategy and programming take into account the recommendations of the 2005 evaluation and the evolution of the overall private sector environment?</b>
<b>Other relevant information (not captured elsewhere)</b>	
<b>JC 1.1</b>	<i>The Commission undertook efforts to make sure that the recommendations of the 2005 Evaluation were taken into account</i>
<b>Findings at JC level</b>	
<b>I-1.1.1</b>	Existence of a plan or specific approach for the dissemination of the Recommendations to those responsible for programming and design of interventions
<b>I-1.1.2</b>	Evidence of dissemination of the recommendations to those responsible for programming and design of interventions
<b>I-1.1.3</b>	Commission staff were conversant with the 2005 Evaluation or with the recommendations made in this evaluation
<b>I-1.1.1</b>	<b>SOUTH AFRICA:</b> neither the 2007-2013 nor 2003-2005 country strategy papers mention the 2005 evaluation.
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b> data inputs to be completed across grid for this intervention
<b>I-1.1.2</b>	<b>SOUTH AFRICA:</b> see I-1.1.1. above.
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-1.1.3</b>	<b>SOUTH AFRICA:</b> see I-1.1.1. above. South African EUD staff (including project officers for PSD-related projects) interviewed during the field phase were not familiar with the 2005 PSD evaluation or its recommendations. <i>Source: MN, 510, 513, 517</i>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>

<b>JC 1.2</b>	<b><i>Specific recommendations of the 2005 evaluation relating to the Commission's overall PSD Strategy have been taken into account</i></b>
<b>Findings at JC level</b>	
<b>I-1.2.1</b>	Evidence of greater clarity at programming level regarding the role of the Commission in PSD (particularly including the link between PSD, economic growth, the development objectives and poverty reduction)
<b>I-1.2.2</b>	Evidence of a process taking place to create a common vision of the Commission's PSD between HQ and EUD levels
<b>I-1.2.3</b>	Commission programming has prioritised the areas of highest Commission comparative advantage as described by the 2005 evaluation recommendation RS-2
<b>I-1.2.1</b>	<b>SOUTH AFRICA:</b> see I-1.1.1. above.
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-1.2.2</b>	<b>SOUTH AFRICA</b> see I-1.1.1. above.
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-1.2.3</b>	<b>SOUTH AFRICA</b> see I-1.1.1. above.
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>JC 1.3</b>	<b><i>The Commission is aware, through studies and exchanges with other sources of aid for PSD, of the evolution of the private sector environment</i></b>
<b>Findings at JC level</b>	EC staff noted that the Commission's development cooperation in South Africa is guided primarily by the goal of promoting pro-poor sustainable growth. To the extent that PSD projects are included in this strategy, staff argued that PSD is used as a tool towards job creation and thereby pro-poor growth. As such, to a large extent the Commission fits PSD into its employment generation activities (within the context of alignment to the government of South Africa' (GoSA) Broad-Based Black Economic Empowerment Agenda (BBBEE), rather than pursuing PSD in its own right.  <i>Source: MN, 510, 513, 514, 515, 516, 517</i>
<b>I-1.3.1</b>	Existence of Commission documents evidencing awareness of the evolution of the private sector environment
<b>I-1.3.2</b>	Stakeholders report existence of dialogue with other sources of aid for PSD concerning the evolution of the private sector environment
<b>I-1.3.3</b>	Evidence exists that the private sector environment has been taken into account in the Commission's PSD strategies and programming at country/regional level

## I-1.3.1

**SOUTH AFRICA:** the Country Strategy Papers covering 2003-2005 and 2007-2013 outline some aspects of the private sector environment in South Africa, including:

- The emergence of a two-tier economy arising from the legacy of apartheid :  
« *South Africa's relatively low proportion of small and medium-sized enterprises, accentuated by apartheid's limitations on black people's ownership of firms and on the business activities they could engage in — mainly restricting them to the retail supply of food and fuel. These constraints have had a **negative impact on the culture of entrepreneurship**, and the effect has been compounded by **limited access to savings and credit institutions**. In contrast, the largely white-owned formal sector became highly concentrated and capital intensive...**These contrasting situations conform roughly to what have been termed the « first » and « second » economies by President Mbeki**. The first economy is modern, capital-intensive and outward-looking. The second economy is, in the President's words, "characterised by underdevelopment, contributes little to GDP, contains a big percentage of our population, incorporates the poorest of our rural and urban poor, is structurally disconnected from both the first and the global economy and is incapable of self-generated growth and development."* »

Source : EC, *Cooperation between the European Union and South Africa - Joint Country Strategy Paper 2007 — 2013*, p.7.

- The evolution of the country's trade balance : « *although South Africa enjoyed a trade surplus with the EU for many years, this has recently turned into a slight deficit. The main cause of this change is the rand's strong appreciation in the last three years.* »

Source : EC, *Cooperation between the European Union and South Africa - Joint Country Strategy Paper 2007 — 2013*, p.26.

- The evolving demand for employment: "the workforce is growing faster (up 18% between 1995 and 2004) than the number of employment opportunities (up 10.5% during the same period)."

Source : EC, *Cooperation between the European Union and South Africa - Joint Country Strategy Paper 2007 — 2013*, p.10.

In addition, EUD staff met during the field mission point out the due consideration given in both CSPs for the period, and in project design process, of South Africa's middle income status, significant regional trade role and strong trade connections with EU. Several interlocutors also referred to the strong partnership potential of the government of South Africa, pointing to the presence of consecutive strong poverty reduction strategies and the high level of government accountability to the population.

Source: MN, 510, 513, 517

#### SPSP Economic Cluster (SBS) - South Africa

**Risk Capital Facility 2 (SBS) - South Africa:** programming documentation makes limited reference to the evolution of the PSD sector, referring in particular to the SME landscape:

*"The small enterprise sector is considered vitally important to future poverty reduction and is regarded as having the largest potential for future growth and employment in the country. The sector is growing fairly rapidly and increasingly is given more importance in terms of employment creation. The total number of small enterprises included in the target group of the Programme is estimated at between 50 000 and 70 000.*

*The importance of SMEs was recognised already in the Reconstruction and Development Programme (RDP) and reaffirmed in the subsequent macro-economic strategy Growth,*

	<p><i>Employment and Redistribution (GEAR). The regulatory framework is set in the National Small Business Act, the Black Economic Empowerment strategy, the Micro-Economic Reform and the Integrated Manufacturing Strategy. A Financial Charter adds to the legislative framework specific provisions to address issues of BEE and access to finance.”</i></p> <p><i>Source : EC, Financing Proposal No SA/B-73200/2005/, pp.6, 7.</i></p>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-1.3.2</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<p><b>Risk Capital Facility 2 (SBS) - South Africa:</b> the Facility annual progress report forms the structure of meetings between donors on the Facility's performance:  <i>“Co-ordination between donors in the SME sector is driven by dti. As part of RCF Annual review meetings will be organised with stakeholders and donors to discuss Fund performance. These meetings will be structured around the annual assessment of fund performance produced by the EIB and IDC annual progress report.”</i></p> <p><i>Source : EC, Financing Proposal No SA/B-73200/2005/, p.5.</i></p>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-1.3.3</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>JC 1.4</b>	<b><i>Policy documents and surveys relating to PSD and the quality of aid have been taken into account by the Commission</i></b>
<b>Findings at JC level</b>	
<b>I-1.4.1</b>	Documents show that new policy recommendations have been taken into account
<b>I-1.4.2</b>	Stakeholders report existence of internal dialogue or other process(es) that take into account new policy recommendations regarding quality of PSD aid
<b>I-1.4.1</b>	<p><b>SOUTH AFRICA:</b> no evidence of such processes are present in the country strategy papers.</p> <p><i>Source : EC, Cooperation between the European Union and South Africa - Joint Country Strategy Paper 2007 — 2013; EC, South Africa - European Community - Country Strategy Paper and Multi-annual Indicative Programme for the period 2003 – 2005.</i></p> <p><b>SPSP Economic Cluster (SBS) - South Africa:</b> The intervention is targeted at the chronic unemployment problem in South Africa's private economy. In this regard, the Financing Agreement outlines several policy documents and surveys related to the evolving employment problem in South Africa's private economy:</p> <p><i>“According to the 2006 Labour Force Survey statistics, South Africa's total labour force is 17.2 million people of which 12.8 million are employed and 4.4 million are officially unemployed. The official unemployment rate (strict definition) is 23% (Labour Force Survey, September 2007) but most indicators suggest that the unofficial unemployment rate (broad definition) may be as high as 40%. Until recently, the policy thrust has been on creating jobs in the mainstream economy and thereby absorbing informal labour into the “main stream”. However, mainstream economy tools and instruments have generally failed to reach the economically marginalised stakeholders</i></p>

	<p><i>and, accordingly, have had little or no impact on employment inside the second economy. Accordingly attention is now being directed on the economically marginalised as a key part of any high level initiative to addressing unemployment.</i></p> <p><i>Political commitment to employment creation has been stated at the highest level with the launch of the Accelerated Shared Growth Initiative for SA (AsgiSA) in February 2006 by the Deputy President. Cabinet has adopted AsgiSA and progress, performance and plans are reported to cabinet every six months. AsgiSA was developed in 2006 as a response to the commitments made by the African National Congress (ANC) in its 2004 election manifesto to halve unemployment and poverty by 2014. Government recognises that employment creation is a cross-sectoral issue. The Economic Cluster, comprising twenty-one Departments has a mandate to facilitate and enhance cross departmental cooperation towards addressing the issues of unemployment and the poor and low waged.”</i></p> <p><i>Source: EC, Employment Creation; Sector Policy Support to the Economic Cluster Programme of Action, Action Fiche (2009) p.2</i></p> <p><b>Risk Capital Facility 2 (SBS) - South Africa:</b> the Financing Proposal refers to the South African department of trade and industry white paper (1995) on economic development policy as well as the evaluation of the European Programme for Reconstruction and Development:</p> <ul style="list-style-type: none"> <li>▪ <i>“The main objective of the Private Sector Development Strategy is to assist South Africa in accelerating employment growth in the small and medium enterprise sector, which has been at the centre of Government’s economic development policy since Independence (dti White Paper, 1995). The programme furthermore responds to the independent evaluation of the EPRD in 2002, that indicated that the Commission should support further interventions strengthening economic activities making use of the comparative advantages of South Africa. Within this context it was recommended that Private Sector Development should aim at reducing inequality, poverty and vulnerability.”</i></li> </ul> <p><i>Source: EC, Financing Proposal No SA/B-73200/2005/, p.2.</i></p> <p><b>Local economic development - Kwazulu Natal - South Africa</b></p>
<p><b>I-1.4.2</b></p>	<p><b>SOUTH AFRICA:</b></p> <p><b>SPSP Economic Cluster (SBS) - South Africa</b></p> <p><b>Risk Capital Facility 2 (SBS) - South Africa</b></p> <p><b>Local economic development - Kwazulu Natal - South Africa</b></p>

<b>EQ 2</b>	<b>To what extent was Commission support to PSD in partner countries part of a strategic approach geared to the overall objectives of EU External Policy, while aligning with the priorities of the country/region and maximizing its VA, including in terms of synergies with other actors and other types of Commission support?</b>
<b>Other relevant information (not captured elsewhere)</b>	
<b>JC 2.1</b>	<b><i>Commission geared PSD support towards overall EU external policy objectives</i></b>
<b>Findings at JC level</b>	
<b>I-2.1.1</b>	Relation between overall EU external policy objectives and Commission PSD support is explicitly identified in Commission policy documentation
<b>I-2.1.2</b>	Programming documentation explicitly relates PSD interventions to overall EU external policy objectives
<b>I-2.1.3</b>	Stakeholders consider that Commission PSD support has contributed to the achievement of overall EU external policy objectives
<b>I-2.1.1</b>	<p><b>SOUTH AFRICA:</b> Whilst the Joint Country Strategy Papers for South Africa do not explicitly link Commission PSD support to EU external policy objectives, they do (i) outline the link between EU support in general and the EU external policy objectives; and (ii) highlight the importance of employment generation and formalisation of the informal (“second”) economy as part of the EU’s strategy in the country.</p> <ul style="list-style-type: none"> <li>▪ The Country Strategy Paper 2007-2013 links EU support in general to EU external policy objectives: <ul style="list-style-type: none"> <li>« In formulating the new joint country strategy, the starting points were the EU’s cooperation objectives and South Africa’s policy agenda. Chapter 1 identifies the EU’s cooperation objectives, in accordance with recent EU policy documents and Regulation 1905/2006 of the European Parliament and of the Council of 18 December 2006 establishing a financing instrument for development cooperation.</li> <li>- 1. The political objective is to support and develop South Africa’s political role as a stabilising factor in the region, the continent and beyond.</li> <li>- 2. The economic and trade objective is to help South Africa play a crucial role in the economic integration of the region and be a trading partner in the globalised world economy, while expanding and liberalising mutual trade in goods, services and capital.</li> <li>- 3. The development objective is to reduce poverty and inequality in accordance with the Millennium Development Goals, promoting internal social stability as well as environmental sustainability.”</li> </ul> </li> <li>▪ Moreover, the Country Strategy Paper 2007-2013 also highlights the promotion of pro-poor growth and employment generation as a specific cooperation objective : <ul style="list-style-type: none"> <li>“Promote pro-poor, sustainable economic growth, including in the second economy, i.e. economic growth that focuses on generating employment, reducing inequality, developing skills and tackling social exclusion.”</li> </ul> </li> </ul> <p><i>Source : EC, Cooperation between the European Union and South Africa - Joint Country</i></p>



	<i>Strategy Paper 2007 — 2013; EC, South Africa - European Community - Country Strategy Paper and Multi-annual Indicative Programme for the period 2003 – 2005.</i>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-2.1.2</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa:</b> the programming documentation does not explicitly relate the intervention to the objectives of EU external action. Nevertheless, the financing proposal does relate the intervention to the objectives of increasing growth, creating employment and reducing inequality, as outlined in the government of South Africa's own development strategy: <i>"This support will take place in alignment with the Department of Trade and Industry's (dti) Medium Term Strategy Framework for 2005 to 2008 of contributing to a higher level of economic growth, create employment and reduce levels of inequality in the economy"</i> <i>Source: EC, Financing Proposal No SA/B-73200/2005/, p.1.</i>
	<b>Risk Capital Facility 2 (SBS) - South Africa: the programme documentation relates the EC support to the following EU external policy objectives:</b> <i>"This support will take place in alignment with the Department of Trade and Industry's (dti) Medium Term Strategy Framework for 2005 to 2008 of contributing to a higher level of economic growth, create employment and reduce levels of inequality in the economy"</i> <i>"Obviously employment creation is a major instrument in achieving poverty reduction, as paid employment remains the prime means of escaping from poverty"</i> <i>Source: EC, Financing Proposal No SA/B-73200/2005/, pp.1,2.</i>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-2.1.3</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>JC 2.2</b>	<b><i>The Commission applied explicit policies and guidelines to make sure that its support to PSD was part of a strategic approach</i></b>
<b>Findings at JC level</b>	
<b>I-2.2.1</b>	Existence of policy documents and guidelines that explicitly tackle the importance of a strategic (prioritised) approach towards PSD alongside the different dimensions mentioned
<b>I-2.2.2</b>	These policies and guidelines were utilised for the design of PSD strategies at country/ regional level and for the programming
<b>I-2.2.3</b>	Commission staff expressed the view that the guidance provided was appropriate
<b>I-2.2.1</b>	<b>SOUTH AFRICA:</b> The Joint Country Strategy Papers covering South Africa do not include explicit references to PSD support or discuss the strategic approach to it. <i>Source : EC, Cooperation between the European Union and South Africa - Joint Country</i>

	<p><i>Strategy Paper 2007 — 2013; EC, South Africa - European Community - Country Strategy Paper and Multi-annual Indicative Programme for the period 2003 – 2005.</i></p> <p>Moreover, as per the points made under JC1.3 above, the understanding shared by EC staff in South Africa was that PSD support was to be used as a tool for poverty alleviation, in part via fostering employment in alignment with the GoSA's BBBEE agenda.</p> <p><i>Source: MN, 510, 513, 514, 515, 516, 517</i></p>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
I-2.2.2	<b>SOUTH AFRICA:</b> see I-2.2.1 above.
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
I-2.2.3	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>JC 2.3</b>	<b><i>The PSD strategies and programming of the Commission took into account the national/regional priorities</i></b>
<b>Findings at JC level</b>	
I-2.3.1	The Commission conducted a policy dialogue with national authorities on PSD strategies
I-2.3.2	CSPs/RSPs clearly link the Commission PSD support to national/regional overall and PSD specific strategies and programming
I-2.3.3	Stakeholders consider that Commission support to PSD is aligned to the overall and sector specific national priorities
I-2.3.1	<p><b>SOUTH AFRICA:</b> no evidence of such a dialogue is presented in the CSP.</p> <p><b>SPSP Economic Cluster (SBS) - South Africa:</b>  <i>“Co-ordination with regard to employment creation is anchored in the Economic, Investment and Employment Cluster that is co-chaired by <b>the dti</b> (Department of Trade and Industry) and DPE (Department of Public Enterprises). The Economic Cluster was established to provide cross-cutting interventions through the implementation of the Cluster programme of action (PoA), fully aligned to AsgiSA. The EC programme is well debated with EU and non-EU development partners through the Employment Promotion and Skills Development Donors' Working Group. Collaboration is envisaged with the DFID employment (capacity development) programme which is currently under preparation.”</i></p> <p><i>Source: EC, Employment Creation; Sector Policy Support to the Economic Cluster Programme of Action, Action Fiche (2009) p.2</i></p>

	<p><b>Risk Capital Facility 2 (SBS) - South Africa:</b> the programming documentation does not explicitly refer to a policy dialogue on PSD strategies as such. Nevertheless, the documentation does state that the intervention is</p> <ul style="list-style-type: none"> <li>▪ <i>“in direct support to GoSA’s Microeconomic Reform Strategy and its Broad Based Black Economic Empowerment Strategy...[and that this] support will take place in alignment with the Department of Trade and Industry’s (dti) Medium Term Strategy Framework for 2005 to 2008 of contributing to a higher level of economic growth, create employment and reduce levels of inequality in the economy.”</i></li> </ul> <p><i>Source : EC, Financing Proposal No SA/B-73200/2005/, p.1.</i></p>
	<p><b>Local economic development - Kwazulu Natal - South Africa</b></p>
<p><b>I-2.3.2</b></p>	<p><b>SOUTH AFRICA:</b> the South Africa CSPs link Commission support to national priorities, strategies and programming:</p> <p><i>« The goal of <b>development cooperation</b> will be to reduce poverty and inequality, in line with the government’s policies and targets [including]:</i></p> <ul style="list-style-type: none"> <li>▪ <i><b>Promote pro-poor, sustainable economic growth</b>, including in the second economy, i.e. economic growth that focuses on generating employment, reducing inequality, developing skills and tackling social exclusion...</i></li> </ul> <p><i><b>Other areas</b> for development cooperation [include]...capacity building including private-public partnerships, good governance and innovation. »</i></p> <p><i>The CSP further outlines the need for employment generation and formalisation of the informal economy, in the context of the evolving national growth strategies :</i></p> <p><i>« in mid-2005, [the South African government] embarked on a new strategy commonly referred to as the Accelerated and Shared Growth Initiative (ASGISA), though it is formally known as the Growth and Empowerment Strategy (GES). This has an associated ten-year Programme of Action (POA) for Sustainable Growth and Development. The strategy is driven by the urgent need to bridge the gap between the first and second economies by bringing marginalised people into the mainstream economy. It has two main elements :</i></p> <ul style="list-style-type: none"> <li>▪ <i>The creation of an enabling environment for productive investment by enterprises.</i></li> <li>▪ <i>Investment in skills and human capabilities. »</i></li> </ul> <p><i>Source : EC, Cooperation between the European Union and South Africa - Joint Country Strategy Paper 2007 — 2013; EC, South Africa - European Community - Country Strategy Paper and Multi-annual Indicative Programme for the period 2003 – 2005.</i></p> <p><b>SPSP Economic Cluster (SBS) - South Africa</b> in addition to the CSP points list above, the programming documentation for the SPSP SBS programme outlines the relation between the government’s economic cluster programme (supported by the SBS) and the broader government development agenda:</p> <p><i>“In 2004, Government presented its ten-year vision for South Africa for the second decade of freedom and democracy. Five key goals are contained in the Government’s Contract with the People of South Africa: (i) Reduce poverty by half through economic development, comprehensive social security, land reform and improved household and community assets; (ii) Provide the skills required by the economy, build capacity and provide resources across society (iii) Reduce unemployment by half through new jobs, skills development, assistance to small businesses, opportunities for self-employment and sustainable community livelihoods; iv) Massively reduce cases of TB, diabetes, malnutrition and maternal deaths, turn the tide against HIV and AIDS, strive to eliminate malaria and improve services to achieve a better national health profile ; v) Reduce preventable causes of death, including violent crime and road accidents.</i></p>

	<p><i>These goals were incorporated into government's Programme of Action (POA) which inter alia, focuses government action into a series of integrated clusters in order to synergise policy approaches and implementation. The 2008 budget framework aims to give greater impetus to the AsgiSA and the priorities set in government's Economic Cluster Programme of Action."</i></p> <p><i>Source: EC, Employment Creation; Sector Policy Support to the Economic Cluster Programme of Action, Action Fiche (2009) p.1</i></p>
	<p><b>Risk Capital Facility 2 (SBS) - South Africa:</b> in addition to the CSP points listed above, the programming documentation for the RCF2 intervention outlines the following aspects relating the intervention to the national government PSD strategy:</p> <p><i>"As part of the implementation of the BEE policy, Government is investing heavily in the provision of capital for small enterprises. Current expenditure of the Department of Trade and Industry stands at some ZAR 3,2 billion against ZAR 2.2 billion in 2000/01. It is setting up the Apex Fund, aimed at providing credit to micro-enterprises and the National Empowerment Fund (NEF), which targets larger BEE deals. R 800 million is set aside for the Apex Fund and NEF is being re-launched with a capital of R2 Billion. RCF operates in the middle field, promoting investment in companies larger than those catered to by the Apex Fund and smaller than those served by the NEF's interventions. The Industrial Development of South Africa, responsible inter alia of the RCF, plays a substantial role in financing SMEs. Other active participants in the BEE small enterprise arena include Khula Enterprises (now being re-organised), the Umsombomvu Youth Fund First Rand's Progress Fund and venture capital groups such as Business Partners and Ithala. Even though none of these funds has the size and national scope of the RCF, the Fund will actively seek to co-operate with these partners in order to broaden its geographical and sectoral reach and further improve its dealflow."</i></p> <p><i>Source : EC, Financing Proposal No SA/B-73200/2005/, p.10.</i></p>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-2.3.3</b>	<p><b>SOUTH AFRICA</b></p> <p>Several stakeholders, within the EC, GoSA partner organisations, and wider beneficiaries, stated that the Commission's activities align closely with the GoSA poverty reduction strategies and the BBBEE agenda. EC staff noted that alignment is prioritised in EC programming in SA, and, moreover, that critical analysis of GoSA priorities in SA is only conducted to a limited extent.</p> <p><i>Source: MN, 510, 511, 512, 513, 514, 515, 516, 517</i></p>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>JC 2.4</b>	<b><i>The potential VA of the Commission geared its decisions on the nature of the support it would provide</i></b>
<b>Findings at JC level</b>	
<b>I-2.4.1</b>	Types of potential VA the Commission considered it could offer when providing support to PSD (as attested for instance by overall documents on the Commission's PSD strategy)
<b>I-2.4.2</b>	Overall approach of the Commission to ensure that its PSD support would be geared, among other things, by its potential VA

I-2.4.3	References in strategy documents at country/ regional level to the potential VA of the Commission when providing support to PSD
I-2.4.4	Stakeholders consider that the Commission's country and regional strategies took into account the Commission's potential VA and are able to identify such VA
I-2.4.1	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa:</b> the programming documentation does not refer to the specific VA of the Commission in the context of support to PSD.
	<b>Local economic development - Kwazulu Natal - South Africa</b>
I-2.4.2	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa:</b> see I-2.4.1 above
	<b>Local economic development - Kwazulu Natal - South Africa</b>
I-2.4.3	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
I-2.4.4	<p><b>SOUTH AFRICA:</b></p> <p>In addition to the points made under JC2.3 above, EC staff stated that programming in SA is geared to a large extent by consideration of potential EC added value in an upper middle income country with low ODA dependence. In this context, the preference has been for small scale demonstration projects with a view to later take up and scaling by the GoSA.</p> <p>Moreover, EC staff argued that EC VA in SA was “not the finance itself, but what comes with it” e.g., best practices, innovation, skills and knowledge transfer.</p> <p><i>Source: MN, 510, 513, 514, 515, 516, 517</i></p> <p>The CSPs for South Africa do not refer specifically to the EC's potential added-value as opposed to other donors, nor to the specific value-added potential of assistance in the area of private sector development. However, the CSP 2007-2013 does refer directly to the potential value-added of ODA in general in the South African context:</p> <p><i>« South Africa's strong macro-economy, together with its sound domestic financial resources, means that the government could, in future, use its own financial resources to fund programmes that are currently financed by donors. The real value added by ODA is not the finance itself, but what comes with it: best practice, innovation, risk-taking, pilot programmes, systems development, capacity building, and above all skills and knowledge. »</i></p> <p><i>Source : EC, Cooperation between the European Union and South Africa - Joint Country Strategy Paper 2007 — 2013, p.28.</i></p>

	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>JC 2.5</b>	<i>The potential synergies of the Commission with other actors and other types of Commission support geared its decisions on the nature of the support it would provide.</i>
<b>Findings at JC level</b>	
<b>I-2.5.1</b>	Commission documents that lay down the overall (not country specific) PSD strategy of the Commission require that the Commission PSD strategies and interventions are chosen on the basis of, among other things, synergies with support provided by other actors or other types of Commission support
<b>I-2.5.2</b>	CSPs/RSPs and programming documents highlight synergies with support provided by other actors or other types of Commission support
<b>I-2.5.3</b>	Stakeholders consider that synergies with support provided by other actors or other types of Commission support been a key criterion for deciding on the nature of the support to be provided
<b>I-2.5.1</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-2.5.2</b>	<p><b>SOUTH AFRICA:</b> the South Africa CSPs do not explicitly highlight synergies between Commission PSD support and that of other donors. Nevertheless, the CSP 2007-2013 does outline a framework for EU support to South Africa, including the Commission, member states and EIB contributions. In particular, it puts forward a list of areas in which EU partners can assist South Africa, and requests that:</p> <p><i>« All European partners will choose from the full list of strategic areas of cooperation set out above in accordance with their strengths, historical experiences and other preferences. However, where a partner is using a multi-annual programme as the basis for its cooperation, it is expected to cover at least one of the focal areas described above. This should lead to a concentration of funds in those areas particularly relevant to development. Individual multi-annual indicative programmes are expected to build on this overarching joint response strategy and be consistent with it. Development partners should also comply with the principle of complementarity. This should result in a division of labour and specialisation in specific sectors, raising the possibility of “silent partnership”, whereby one partner transfers funds to another without being involved in implementation. Funds may also be pooled. »</i></p> <p>With specific regard to EIB support for PSD, the CSP 2007-2013 notes the following areas of EIB support, but does not elaborate potential synergies with Commission support:</p> <p><i>« EIB cooperation for the period 2007-2013 will also aim to support private sector growth and foreign direct investment, particularly in the area of technical and/or financial structuring of the investment, either through direct funding or, in the case of smaller and medium-sized ventures, through support for the South African commercial banking sector</i></p>

	<p><i>and development finance institutions. »</i>  <i>Source : EC, Cooperation between the European Union and South Africa - Joint Country Strategy Paper 2007 — 2013, p.32</i></p> <p><b>SPSP Economic Cluster (SBS) - South Africa:</b> coordination with other donor activities is enhanced through “the bi-monthly donor Working Group on Employment Promotion and Skills Development co-ordinated by DFID, which includes: EC, DFID, GTZ, ILO, BTC, Finaid, Danida, World Bank and USAID. Co-ordination requesting that future donor activities in the field be channelled through the Economic Cluster.”  <i>Source: EC, Employment Creation; Sector Policy Support to the Economic Cluster Programme of Action, Action Fiche (2009) p.4</i></p> <p><b>Risk Capital Facility 2 (SBS) - South Africa:</b> the programme documentation outlines the following synergies with other EC activities, as well as with the EIB:  <i>“RCF is inherently complementary with the Sector Wide Enterprise, Employment and Equity Programme (SWEEP). The dti family of institutions in the field further includes the Ntsika organisation (now part of the Small Enterprise Development Agency), itself a product of EC assistance, tasked to promote and co-ordinate international linkages in the SME sector. Other EC interventions mentioned for coherent collaboration in the FA are LED programmes and the Labour Market Skills Development Programme. The EC provides support to Local Economic Development programmes in KwaZulu Natal and Eastern Cape Province. The RCF model for provision of financial and technical support to small enterprises will be copied/applied in the LEDs. The Labour Market Skills Development Programme (LMSDP) supports the Department of Labour in the implementation of the National Skill Development strategy and consists of different components, of which two are specifically relevant to the RCF: Funding Systems and the Sectoral Education and Training Authorities (SETAs)</i>  <i>[...] Furthermore it is complementary to EIB operations in South Africa. Co-ordination between donors in the SME sector is driven by dti. As part of RCF Annual review meetings will be organised with stakeholders and donors to discuss Fund performance. These meetings will be structured around the annual assessment of fund performance produced by the EIB and IDC annual progress report.”</i>  <i>Source : EC, Financing Proposal No SA/B-73200/2005/, p.5.</i></p> <p><b>Local economic development - Kwazulu Natal - South Africa</b></p>
<p><b>I-2.5.3</b></p>	<p><b>SOUTH AFRICA</b></p> <p>EC staff and other donors noted that donor coordination in SA is limited. Some exceptions noted by EC staff in other sectors, specifically the health sector. But more generally, donor perspectives in SA were fairly divergent, with several EU MS donors taking a trade-based approach (c.f. the Dutch-sponsored White Book on investment climate in SA) whilst the EC was maintain a development-oriented focus over the evaluation period, notably prioritising alignment with BBBEE.  <i>Source: MN, 510, 513, 514, 515, 516, 517</i></p> <p>With regard to EIB-EC synergies: EIB and EC staff noted that EC-EIB synergies in SA have not been systematically targeted by either institution, instead both have prioritised alignment with GoSA. Whilst some positive coordination exists (e.g., EIB provided TA on the RCF II) the EIB is not viewed as automatically having “privileged partner” status. In some cases, EC projects are designed in partnership with local finance institutions in order to increase alignment and ownership.  <i>Source: MN, 510, 513, 514, 515, 516, 517, 521</i></p> <p><b>SPSP Economic Cluster (SBS) - South Africa</b></p>

	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>JC 2.6</b>	<b><i>The Commission's PSD strategies and programming were clearly prioritised and part of a wider Commission strategy in the country/region</i></b>
<b>Findings at JC level</b>	As noted under EQ1 and JC2.1-2.5 above, Commission PSD programming was embedded within a strategic focus on poverty reduction and alignment with GoSA poverty reduction strategies and BBBEE agenda. <i>Source: MN, 510, 513, 514, 515, 516, 517</i>
<b>I-2.6.1</b>	Commission strategy/programming documents explain how the Commission's PSD strategy fits into the wider Commission's country/regional strategies and priorities
<b>I-2.6.2</b>	Commission strategy/programming documents explain how the Commission's have been prioritised with regard to the PSD needs of the country
<b>I-2.6.3</b>	Stakeholders consider that the Commission's PSD support was part of a wider prioritised approach of the Commission in the country/region as well as prioritised with respect to PSD need of the country
<b>I-2.6.4</b>	A methodological procedure has been adopted for selecting areas of intervention per country, as per the 2005 Evaluation Recommendation RI-1, including: an assessment of priority needs; selection of interventions with Commission comparative advantage; and an assessment of whether pre-conditions of intervention are met
<b>I-2.6.1</b>	<b>SOUTH AFRICA:</b> The CSPs covering the evaluation period do not discuss the Commission's PSD strategy or its relation to wider Commission strategies in the country or region. <i>Source : EC, Cooperation between the European Union and South Africa - Joint Country Strategy Paper 2007 — 2013; EC, South Africa - European Community - Country Strategy Paper and Multi-annual Indicative Programme for the period 2003 – 2005</i>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa:</b> The programming documents place the intervention in the wider context of EU South Africa cooperation: <i>“The Trade, Development and Co-operation Agreement (TDCA) provides the foundation for the European Programme for Reconstruction and Development (EPRD). It mandates that priority be given to fighting poverty while contributing to equitable and sustainable development: This programme forms part of the Private Sector Development Strategy as defined in the South-Africa – European Community Country Strategy Paper and Multi-annual Indicative Programme for the period 2003-2005, which identifies the promotion of economic growth, equity and employment as a priority area for co-operation. The main objective of the Private Sector Development Strategy is to assist South Africa in accelerating employment growth in the small and medium enterprise sector, which has been at the centre of Government's economic development policy since Independence (dti White Paper, 1995). The programme furthermore responds to the independent evaluation of the EPRD in 2002, that indicated that the Commission should support further interventions strengthening economic activities making use of the comparative advantages of South Africa. Within this context it was recommended that Private Sector Development should aim at reducing inequality, poverty and</i>



	<i>vulnerability.”</i> <i>Source : EC, Financing Proposal No SA/B-73200/2005/, p.1.</i>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-2.6.2</b>	<b>SOUTH AFRICA:</b> see I-2.6.1. above
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa:</b> the programming documentation does not explain how the EC prioritised its activities in line with national PSD priorities. Nevertheless, national priorities in this regard were paramount in the rationale presented for the intervention in the documentation, e.g.: <i>“The dti White Paper 1995 and following policy documents consistently identify the key objectives for Government Policy in the SME sector as economic growth, re-distribution of wealth, employment creation and poverty alleviation. In 1996, the Government introduced the GEAR (Growth, Employment And Redistribution) macro framework. Major elements of GEAR included efforts to promote greater labor market flexibility; incentives to fund training and accelerated restructuring of state-owned assets. It was forecasted that growth would accelerate to 6 percent by 2000, with job creation reaching 400,000 jobs annually. In reality, however, only half of this was achieved.”</i> <i>Source : EC, Financing Proposal No SA/B-73200/2005/, p.6.</i>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-2.6.3</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-2.6.4</b>	<b>SOUTH AFRICA:</b> The CSP 2007-2013 covering South Africa in the evaluation period do not outline or discuss the adoption of a procedure for selecting areas of intervention per country, as per the 2005 Evaluation Recommendation RI-1. <i>Source : EC, Cooperation between the European Union and South Africa - Joint Country Strategy Paper 2007 — 2013</i>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>JC 2.7</b>	<b><i>The Commission designed its PSD support so as to promote gender equality, good governance, and combat environmental degradation and HIV</i></b>
<b>Findings at JC level</b>	
<b>I-2.7.1</b>	Commission strategy/programming documents explain how the Commission's PSD strategy and specific intervention will contribute to the above mentioned crosscutting issues
<b>I-2.7.2</b>	Stakeholders consider that when designing its support, the Commission took into account the above mentioned cross-cutting issues

I-2.7.1	<p><b>SOUTH AFRICA:</b> The EU's CSPs for South Africa over the evaluation period refer to a range of cross-cutting issues to be integrated in EU support for the country but do not relate these to the PSD strategy as such.</p> <p>The South Africa CSP 2007-2013 outlines the following set of cross-cutting issues for EU-funded activities in South Africa, without providing further detail regarding the contribution to these issues made by the Commission's PSD strategy:</p> <ul style="list-style-type: none"> <li>▪ « <b>Gender.</b> <i>The main issue is translating policies into practice in all the interventions under this joint country strategy. These include women's access to employment, women's access to skills development, the role of women in delivering and receiving social services, and the way women specifically are affected by HIV/AIDS.</i></li> <li>▪ <b>The environment.</b> <i>Each intervention under this joint country strategy will have to comply with global environmental objectives and South African environmental regulations, present and future, including appropriate impact assessments.</i></li> <li>▪ <b>HIV/AIDS.</b> <i>All interventions will contain in principle an awareness component aimed at changing behaviour. In addition, all will support capacity building and human-resources management in response to the pandemic at all levels of South African society.</i></li> <li>▪ <b>Capacity building, including public-private partnerships.</b> <i>In each programme, capacity building will benefit all stakeholders, from the authority responsible for providing the service to the service provider and the final beneficiary. Because of their essential function in providing basic social services, local governments and local communities will be at the centre of capacity building activities.</i></li> <li>▪ <b>Good governance.</b> <i>This is to be a central feature of all development assistance activities, covering proper management of public finances, including the tax area, better service delivery, accountability and the participation of targeted beneficiaries in delivery processes.</i></li> <li>▪ <b>Innovation.</b> <i>Given its particular importance in South African development cooperation, innovation will be a guiding principle for all EU-funded interventions. »</i></li> </ul> <p><i>Source : EC, Financing Proposal No SA/B-73200/2005/, pp.11,12.</i></p> <p>The CSP 2003-2005 outlines an alternative set of cross-cutting issues to be integrated in EC interventions in South Africa:</p> <ul style="list-style-type: none"> <li>▪ HIV/AIDS</li> <li>▪ Capacity Building</li> <li>▪ Civil society and non-state actors involvement</li> <li>▪ Governance</li> <li>▪ Gender</li> <li>▪ Environment</li> </ul> <p><i>EC, South Africa - European Community - Country Strategy Paper and Multi-annual Indicative Programme for the period 2003 – 2005, pp.20-21.</i></p> <p><b>SPSP Economic Cluster (SBS) - South Africa:</b> the programme documentation claims that the intervention will impact upon several of the cross-cutting issues listed above, but no elaboration of how this will occur is presented:</p> <p style="padding-left: 40px;"><i>“The programme will address the following cross cutting issues: good governance, gender equality, and youth awareness, as well as environmental sustainability including climate change and promoting cleaner energy. In addition, all government departments are fully aligned to the 2007 HIV/Aids national strategic plan for 2007-11.”</i></p> <p><i>Source: EC, Employment Creation; Sector Policy Support to the Economic Cluster Programme of Action, Action Fiche (2009) p.5</i></p> <p><b>Risk Capital Facility 2 (SBS) - South Africa:</b> the impact of the intervention on cross-cutting issues is outlined in the programme documentation in the following</p>
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	<p>manner:</p> <p><b>“3.6.1. Socio-cultural aspects</b>                      The HIV/AIDS pandemic has a potentially significant impact on economic development at both the macro and the micro-level that need to be addressed. The potential effect of HIV/AIDS on RCF client enterprises will be considered at the due diligence stage and client enterprises are to be required to take appropriate measures to manage the impact of HIV/AIDS amongst their employees and management.</p> <p><b>3.6.2. Gender equality</b>                      In line with the Commission on Gender Equality (CGE), targets have been set by the Government to measure the effectiveness of gender equality, it is indicative that Government is committed to the processes. The CGE is one of six independent statutory bodies established in accordance with Section 187 of the Constitution of the Republic of South Africa. The CGE is mandated by the Constitution to "promote respect for gender equality and the protection, development and attainment of gender equality." Hence this project assists in the contribution and promotion of Government's objectives, in reducing gender inequalities and setting concrete targets, not only in terms of employment, but also in terms of empowerment and female ownership. RCF ensures that at least 30% of jobs, managerial positions and shareholders in companies supported by it must be held by women.</p> <p><b>3.6.3. Environmental protection</b>                      The South Africa has a strong environmental legislative framework, which is the primary policy instrument underpinning environmental governance and rigorous enforcement of laws. Environmental protection enjoys political prominence and consequently environmental departments are well resourced and financed.</p> <p>The National Environmental Management Act (NEMA) states that every state organ must enter into an agreement, which has jurisdiction over the said activity. The processes of ensuring Site Implementation Plans, as well as the monitoring thereof, ensure that compliance in terms of the NEMA is adhered to. This policy emphasises that integrated and sustainable management of the environment, now and in the future, is the essential basis of sustainable development in all areas of human activity. Development policies, plans, programmes and activities in all sectors that do not address environmental concerns cannot claim to be sustainable. In the LogFrame this programme specifies that the RCF must ensure that Investees follow the laws for environmental protection and that there are plans for rectifying problems. Moreover, involvement in environment enhancing enterprises (such as recycling businesses, those involved in the environmental upgrading of former mining areas etc) will be actively encouraged, wherever possible.”</p> <p><i>Source : EC, Cooperation between the European Union and South Africa - Joint Country Strategy Paper 2007 — 2013</i></p>
	<p><b>Local economic development - Kwazulu Natal - South Africa</b></p>
<p><b>I-2.7.2</b></p>	<p><b>SOUTH AFRICA</b>                      EC staff and final beneficiaries pointed to specific consideration and requirements re. Several cross cutting issues, including: HIV/AIDS, gender, environment, good governance.</p>

	<p>The link between PSD and trade was however not systematically targeted during project and programming design.</p> <p><i>Source: MN, 510-527</i></p>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>JC 2.8</b>	<b><i>The Commission PSD activities have contributed to the decent work agenda and/or the improvement of core labour standards and rights of the worker</i></b>
<b>Findings at JC level</b>	
<b>I-2.8.1</b>	EC macro-economic and policy interventions targeted the decent work agenda and/or improvement of core labour standards and social governance in beneficiary countries during the evaluation period
<b>I-2.8.2</b>	Regulations passed on core labour standards and/or social governance in beneficiary countries during the evaluation period
<b>I-2.8.1</b>	<p><b>SOUTH AFRICA</b></p> <p>EC staff stated that the decent work agenda was not systematically considered within design or implementation of employment generation or other PSD projects in SA.</p> <p><i>Source: MN, 510, 513, 514, 515, 516, 517</i></p>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa:</b> the intervention did not explicitly target the decent work agenda or improvement of core labour standards and social governance.
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-2.8.2</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>

<b>EQ 3</b>	<b>To what extent did the set of Commission instruments and financing modalities for supporting PSD strategies and activities of partner countries and regions result in the provision of timely responses at a reasonable cost to the challenges faced by the private sector in third countries, while fostering synergies among each other and with instruments offered by other actors?</b>
<b>Other relevant information (not captured elsewhere)</b>	
<b>JC 3.1</b>	<i>The set of instruments/modalities developed by the Commission at <b>general level</b> to support partner country PSD strategies and activities aimed at covering the range of challenges faced by the private sector in third countries, while bearing in mind efficiency and synergies</i>
<b>Findings at JC level</b>	
<b>I-3.1.1</b>	Documents outlining the rationale of each modality/ instrument with respect to PSD identify the specific challenges to which it should respond
<b>I-3.1.2</b>	Commission documents explain how the <u>set</u> of instruments/modalities covers the needs of the private sector in a comprehensive manner, while fostering efficiency and synergies
<b>I-3.1.3</b>	Stakeholders consider that the Commission's set of instruments was designed with a view to tackle challenges while fostering efficiency and synergies
<b>I-3.1.1</b>	<b>SOUTH AFRICA:</b> neither of the two CSPs for South Africa relating to the evaluation period outline the rationale of the modalities/instruments used in the country with respect to PSD.
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-3.1.2</b>	<b>SOUTH AFRICA:</b> neither of the two CSPs for South Africa relating to the evaluation period outline the rationale of the modalities/instruments used in the country with respect to PSD.
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-3.1.3</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>

<b>JC 3.2</b>	<b><i>When designing its support for partner country PSD strategies and activities in specific countries/regions, the Commission's choice of instruments/modalities was geared towards the specificity of challenges, the expected efficiency and the potential synergies with other instruments/modalities</i></b>
<b>Findings at JC level</b>	
<b>I-3.2.1</b>	Justification of the choice of instruments in strategy and programming documents at country/regional level
<b>I-3.2.2</b>	Justification of the choice provided by Commission representatives
<b>I-3.2.1</b>	<p><b>SOUTH AFRICA:</b> neither of the two CSPs for South Africa relating to the evaluation period outline the rationale of the modalities/instruments used in the country with respect to PSD.</p> <p><b>SPSP Economic Cluster (SBS) - South Africa</b></p> <p><b>Risk Capital Facility 2 (SBS) - South Africa:</b> the programming documentation justifies the choice of SBS in the following manner:  <i>“Sector budget support is the appropriate modality for the EC support because:</i></p> <ul style="list-style-type: none"> <li><i>(i) A medium term financing plan is in place foreseeing financial support to SMEs</i></li> <li><i>(ii) There is stable national macroeconomic environment;</i></li> <li><i>(iii) There is satisfactory performance of public financial management both at National level as well as at the level of the implementing organisation, the IDC. In this context the provision of sector budget support will take place in an appropriate environment in a way that will strengthen public budgeting and planning, sustain ownership and reduce the transaction costs of aid.</i></li> <li><i>(iv) The instrument of budget support is chosen so as to be able to continue to provide an further financial injection into the capital base of the RCF, a highly successful programme, originally set up with financial support from the EPRD.”</i></li> </ul> <p><i>Source : EC, Financing Proposal No SA/B-73200/2005/, p.10.</i></p> <p><b>Local economic development - Kwazulu Natal - South Africa</b></p>
<b>I-3.2.2</b>	<p><b>SOUTH AFRICA</b></p> <p>EC staff argued that the absence of an investment facility for South Africa (akin to the ACP or Latin American Investment Facilities) was a specific limitation for PSD programming in the country. To some extent, the RCF II project ameliorated this problem, but a larger investment facility would have been the preferred option.</p> <p><i>Source: MN, 510, 513</i></p> <p>In addition, a significant share of PSD-related support in SA went through SBS, which EC staff considered as the privileged approach. The rationale for this choice included:</p> <ul style="list-style-type: none"> <li>- HQ injunction requiring specific quota disbursed via BS</li> <li>- Agreement that the GoSA fits (and even exceeds) the partnership criterion for BS</li> <li>- Avoiding the D+3 rule for decommitments by using SBS allows greater flexibility and ensuring quality (rather than quantity) of disbursements was prioritised in cases where the pipeline dropped</li> </ul>

	<p>unexpectedly</p> <ul style="list-style-type: none"> <li>- In some cases, e.g., RCF II, SBS was viewed as beneficial due to the lower reporting constraints than project-based approaches</li> </ul> <p>Some problems with the SBS approach were also highlighted by stakeholders, including:</p> <ul style="list-style-type: none"> <li>- In the case of some SBS programmes, the beneficiaries felt that reporting procedures were actually more heavy than a normal SBS intervention</li> <li>- In the case of Local economic development programmes, EC staff noted that understanding of the BS approach varied among beneficiary groups, with rural municipalities having much lower capacity levels than urban ones</li> <li>- EC staff also expressed regret that it was not possible to conduct traditional-projects with the same type of reporting procedures as BS interventions.</li> </ul> <p><i>Source: MN, 510, 511, 513</i></p> <p>Several beneficiaries argued that reporting procedures for EC interventions are heavy, but also that:</p> <ul style="list-style-type: none"> <li>- Procedures for MS donors are often even heavier</li> <li>- The EC procedures do create a learning effect among final beneficiaries with regard to financial reporting practices. Although some interlocutors argued that the development of capacity to deal with Commission procedures was of limited value at the municipal level, in particular.</li> </ul> <p><i>Source: MN, 511, 512, 522</i></p>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>JC 3.3</b>	<b><i>The level at which the Commission intervened (national, regional, supra-regional) was appropriate to meet the specific challenges in terms of PSD</i></b>
<b>Findings at JC level</b>	
<b>I-3.3.1</b>	Strategy and programming documents show evidence that the intervention level was selected on the basis of a consideration of the challenges being addressed.
<b>I-3.3.2</b>	Stakeholders consider that the selection of intervention levels made by the Commission across the board of its PSD interventions, has been appropriate to the challenges being addressed
<b>I-3.3.3</b>	Stakeholders consider that the selection of intervention levels made by the Commission has enabled synergies and cross-fertilisation to develop between countries and regions.
<b>I-3.3.1</b>	<b>SOUTH AFRICA:</b> neither of the two CSPs for South Africa relating to the evaluation period outline the rationale of the intervention levels used in the country with respect to PSD.

	<b>SPSP Economic Cluster (SBS) - South Africa:</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa:</b> there is no explicit discussion of the choice of intervention level (in terms of national versus regional levels) in the programming documentation. Nevertheless, the intervention is at national level, and the challenges outlined in the programme documentation, namely, the difficulty of obtaining “risk finance [for] companies owned by historically disadvantaged persons” are also at the national level. <i>Source : EC, Financing Proposal No SA/B-73200/2005/, p.1.</i>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-3.3.2</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-3.3.3</b>	<b>SOUTH AFRICA</b> EC staff noted that very few PSD-related interventions in SA targeted the regional level, which was all the more notable given the potential for regional trade in the SADC region. RCF II has included one regional programme, but only after the evaluation period closed. <i>Source: MN, 510, 515, 517</i>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>JC 3.4</b>	<i>The implementation showed that instruments/modalities were appropriate to tackle challenges and to do so efficiently and in synergy with other instruments</i>
<b>Findings at JC level</b>	
<b>I-3.4.1</b>	Evidence provided in reports on the support concerning the appropriateness of instruments/modalities, their efficiency and synergies with other instruments/modalities
<b>I-3.4.2</b>	Stakeholders consider that instruments (specific instruments and/or the set of instruments) were appropriate and enhanced efficiency and synergies
<b>I-3.4.1</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-3.4.2</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>



	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>JC 3.5</b>	<b><i>Projects were implemented in line with planning, both in terms of timeliness and costs</i></b>
<b>Findings at JC level</b>	
<b>I-3.5.1</b>	Stakeholders consider that timing and planning do fit requirements of private sector actors
<b>I-3.5.2</b>	Evidence provided in reports on the extent to which planned timing and costs were respected
<b>I-3.5.3</b>	Views of stakeholders on the extent to which planned timing and costs were respected
<b>I-3.5.4</b>	Factors having enhanced or hampered the respect of planning in terms of time and costs as displayed in reports and invoked by stakeholders
<b>I-3.5.1</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-3.5.2</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa:</b> the timing was amended during the project implementation: the financing agreement was extended by 3 years from 21 December 2010 to 31 December 2013. The justification for which was presented in the request for amendment:  « [The amendment] is justified by the need to allow additional time for the Programme's funds to be committed. The second tranche of € 13.5 million was disbursed by the EC in December 2008 and the IDC is currently investing these funds. Based on the current progress of activities, the request for the third tranche of € 13.73 million (as amended by this rider) is expected to be made in November or December 2009 for payment in Quarter 1 2010. This tranche would be invested over a period of 1 Y, to 2 years, judging from the pace of investment of the previous tranches. This implies that the actual implementation time required for commitment of the remaining funds could extend to December 2011, hence the proposal to extend implementation period by two years to 31 December 2011 and the closure period likewise to 31 December 2013. The need for extension is also motivated by the nature of the Technical Assistance (TA) contract with the EIB. The role of the EIB in the Programme is to provide independent expertise in investment decision and portfolio management i.e. the selection of investments, the macro-monitoring of the portfolio and reporting on the Programme's performance. The initial Memorandum of Understanding (MOU) between the EC and the EIB which entered into force on 20d November 2006 anticipated the presence of the EIB as TA provider to the Programme during the full duration of the Financing Agreement i.e. during both the implementation and closure periods of the Programme. In terms of the current duration of the FA, the presence of the EIB would in this case continue until 31 December 2011 (current end of closure period) or alternatively when the entire Programme funding has been fully invested. However, it has come to our attention during the course of 2009 that the TA contract with the EIB as was originally signed was not fully consistent with the provisions of the EC

	<p><i>Financial Regulation (FR) which indicates that such a MoU/contract can only be in force during the operational implementation phase of the FA and not during the closure period of a Programme. This due to the fact that the FR indicates that the expenditure on the main activities of the FA are only eligible for EC financing if they have been incurred during the operational phase, except in the case of evaluations, final audits and closure activities. In other words, the FR does not allow us to pay an invoice unless it relates to activities incurred during the operational implementation phase of the FA. The fact that RCF2 is a Sector Budget Support Programme which could allow for implementation activities to continue into the closure period (in contrast to the Project modality) does not apply to the TA contract with EIB. The EIB contract is recognised as a normal EC TA-type contract and subject to the standard EC contracting rules. Due to the above anomaly, we have approached the EIB in April 2009 and amended the MOU thus effectively limiting the EIB presence to the operational implementation period of the FA (until 31 December 2009 as per the current FA). However, in the event that this Rider to the FA is approved, we intend to extend the EIB contract to 31December 2011 in order that the Programme can continue to benefit from the valuable services of the EIB until the entire Programme's funding is committed. It should be noted that at the time of the proposal and approval of Rider No.1 to the FA (approved in February 2008), it was understood by the Delegation that the EIB would be able to perform its role during the closure period of the Programme, hence, the request for the extension of the FA by only one year at that time. »</i></p> <p><i>Source : EC, Rider no.2 to the Financial Agreement No SA/B-73200/2005/, p.5.</i></p>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-3.5.3</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-3.5.4</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>

<b>EQ 4</b>	<b>To what extent did the Commission contribute to make the institutional and regulatory framework more conducive to PSD?</b>
<b>Other relevant information (not captured elsewhere)</b>	
<b>JC 4.1</b>	<b><i>The Commission support was geared to tackling the main institutional and regulatory obstacles to PSD</i></b>
<b>Findings at JC level</b>	<p>Interviews conducted in field phase, with both EC staff and other donors, suggest that:</p> <ul style="list-style-type: none"> <li>- There are important I&amp;R obstacles in SA. Notably, several donors, as well as the Dutch-sponsored White Book on the SA investment climate, noted corruption, red tape and the BBEE framework as obstacles to foreign investors.</li> <li>- But the EC's interventions did not target these or other I&amp;R obstacles</li> <li>- EC staff argued that the EC had raised some I&amp;R obstacles with the GoSA (especially red tape), but with little impact or interest from the partner-side.</li> <li>- I&amp;R obstacles could be usefully addressed from a trade cooperation perspective, given the importance of the EU as a trading partner for GoSA</li> </ul> <p><i>Source: MN, 510, 517</i></p>
<b>I-4.1.1</b>	Identification of the main obstacles to PSD in terms of macro-economic environment and institutional and regulatory framework in the country/region in official documents /studies (national strategies or other documents/studies), including both the domestic environment and obstacles to the integration in regional and world economies
<b>I-4.1.2</b>	Commission strategy and programming documents refer to the obstacles mentioned in I-4.1.1 and gear the support to the removal of these obstacles (or justify alternative approaches)
<b>I-4.1.3</b>	The private sector was consulted for determining the priorities for helping remove the main institutional and regulatory obstacles to PSD
<b>I-4.1.4</b>	Stakeholders, and in particular the private sector, consider that Commission support was geared towards priorities for helping remove the main institutional and regulatory obstacles to PSD
<b>I-4.1.5</b>	Number of technical and economic analyses/fora covering major strengths and weaknesses of the private sector in third countries conducted with Commission support or, in the case of pre-existing studies and fora, utilised by the Commission in developing PSD activities targeting regulatory and institutional frameworks.
<b>I-4.1.1</b>	<p><b>SOUTH AFRICA:</b> The dislocation between South Africa's formal ("first") and informal ("second") economy, and the skills-gap present in large parts of the potential workforce are both identified as obstacles to growth and employment in several strategies and documents of the South African government, e.g.:</p> <ul style="list-style-type: none"> <li>▪ The Accelerated and Shared Growth Initiative (AsgiSA) of the South African government, launched in February 2006, "attempts to provide a framework to</li> </ul>

	<p>support the first economy, promote the second economy and establish stonger links between the two.”</p> <ul style="list-style-type: none"> <li>▪ The Broad-based Black Economic Empowerment (BEE) Charters also targets increased linkages between the first and second economies with an aim to reduce unemployment.</li> <li>▪ The Natioanl Skills Development Strategy (2005-2010) focuses on providing « outcome-based » further education training as well as science, maths and technology literacy, in order to facilitate the government’s ambition of halving unemployment by 2014.</li> </ul> <p><i>Source : EC, Cooperation between the European Union and South Africa - Joint Country Strategy Paper 2007 — 2013; EC, South Africa - European Community - Country Strategy Paper and Multi-annual Indicative Programme for the period 2003 – 2005</i></p>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-4.1.2</b>	<p><b>SOUTH AFRICA:</b> The CSPs covering 2003-2005 and 2007-2013 both explicitly refer to obstacles outlined in I-4.1.1 and the national strategies outlined therein.</p> <p>To some extent, the CSP 2007-2013 gears its recommendations for EU response towards the removal of these obstacles, notably with regard to targeting increased employment, developing skills among the workforce and promoting pro-poor growth including in the second economy.</p> <p><i>Source : EC, Cooperation between the European Union and South Africa - Joint Country Strategy Paper 2007 — 2013; EC, South Africa - European Community - Country Strategy Paper and Multi-annual Indicative Programme for the period 2003 – 2005</i></p>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa:</b> the intervention did not target institutional and regulatory obstacles.
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-4.1.3</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b> the intervention did not target institutional and regulatory obstacles.
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-4.1.4</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b> the intervention did not target institutional and regulatory obstacles.
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-4.1.5</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b> the intervention did not target institutional and regulatory obstacles.

	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>JC 4.2</b>	<b><i>The Commission has had strong policy dialogue on the institutional and regulatory frameworks</i></b>
<b>Findings at JC level</b>	
<b>I-4.2.1</b>	Number, level and depth of contacts with public authorities
<b>I-4.2.2</b>	Number, level and depth of contacts with other policy actors (e.g. business associations, non-state actors, IMF/WB, other donors)
<b>I-4.2.3</b>	Evidence exists of Commission leadership in or contribution to dialogue with policy actors
<b>I-4.2.4</b>	Evidence exists of Commission contribution to private-public dialogue
<b>I-4.2.1</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b> the intervention did not target institutional and regulatory obstacles.
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-4.2.2</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b> the intervention did not target institutional and regulatory obstacles.
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-4.2.3</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b> the intervention did not target institutional and regulatory obstacles.
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-4.2.4</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b> the intervention did not target institutional and regulatory obstacles.
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>JC 4.3</b>	<b><i>The institutional and regulatory frameworks have been strengthened</i></b>
<b>Findings at JC level</b>	
<b>I-4.3.1</b>	Reports / stakeholders show that new laws and regulations have been issued and are enforced
<b>I-4.3.2</b>	Reports / stakeholders show that required institutions have been created or developed and are operational

I-4.3.3	Evidence exists of Commission role in strengthening of institutional and regulatory frameworks
I-4.3.4	Stakeholders consider that Commission interventions have maximised local government commitment by ensuring they are in line with the government's own agenda, consulting with relevant stakeholders and proposing reforms at the local or sub-national level.
I-4.3.1	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b> the intervention did not target institutional and regulatory obstacles.
	<b>Local economic development - Kwazulu Natal - South Africa</b>
I-4.3.2	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b> the intervention did not target institutional and regulatory obstacles.
	<b>Local economic development - Kwazulu Natal - South Africa</b>
I-4.3.3	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b> the intervention did not target institutional and regulatory obstacles.
	<b>Local economic development - Kwazulu Natal - South Africa</b>
I-4.3.4	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b> the intervention did not target institutional and regulatory obstacles.
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>JC 4.4</b>	<i>The strengthening of the institutional and regulatory framework has contributed to the creation, better functioning and growth of enterprises</i>
<b>Findings at JC level</b>	
I-4.4.1	Evidence that enterprises have benefited from an improved framework and environment
I-4.4.1	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b> the intervention did not target institutional and regulatory obstacles.
	<b>Local economic development - Kwazulu Natal - South Africa</b>

<b>EQ 5</b>	<b>To what extent did the Commission contribute to improving access to finance by enterprises?</b>
<b>Other relevant information (not captured elsewhere)</b>	
<b>JC 5.1</b>	<i>The Commission's support was informed by an analysis of the country/region's main constraints in terms of access to finance for enterprises (whether they were primarily on the demand or on the supply side or both)</i>
<b>Findings at JC level</b>	
<b>I-5.1.1</b>	Existence of documented analysis of the countries'/regions main constraints in terms of access to finance (demand and supply side)
<b>I-5.1.2</b>	In its strategy/programming documents the Commission refers to these analyses
<b>I-5.1.3</b>	Stakeholders, in particular from the private sector, consider that the constraints identified are the right ones
<b>I-5.1.3</b>	The Commission support was geared towards tackling the constraints identified in these analyses
<b>I-5.1.5</b>	Number of Commission interventions in the area of access to finance that have been conducted in cooperation with other financial institutions
<b>I-5.1.1</b>	<p><b>SOUTH AFRICA</b></p> <p><b>SPSP Economic Cluster (SBS) - South Africa</b></p> <p><b>Risk Capital Facility 2 (SBS) - South Africa:</b> the government's own Broad Based Black Economic Empowerment Strategy outlines the problem of access to finance for the country's black population, with reference to additional studies:  <i>"A number of studies, reviews and consultative processes commissioned by the dti and allied organisations over the past five years to address black-owned small and medium enterprises have uncovered systemic constraints that, individually or in combination undermine their growth and development. Access to finance has been identified as the core problem. The dti SMME Finance Reference Group Report confirms that "...in surveys among small enterprises all over the world, access to finance comes out as one of the most urgently felt needs."</i></p> <p><i>The criticism of post -1995 support for small business in South Africa centres around the difficulties that individual, mainly black-owned and black-controlled businesses experience in their efforts to acquire start-up finance or funds for the establishment and expansion of their businesses."</i></p> <p><i>Source: Government of the Republic of South Africa: South Africa's Economic Transformation: A Strategy for Broad-Based Black Economic Empowerment, 2003, p.28</i></p> <p><b>Local economic development - Kwazulu Natal - South Africa</b></p>
<b>I-5.1.2</b>	<b>SOUTH AFRICA:</b> neither of the two CSPs for South Africa during the evaluation period refer to analyses of the country's constraints in terms of access to finance. Only reference is made to the issues of access to finance in the CSPs, which specifically relates to the difficulties that MSMEs have in accessing finance:

	<ul style="list-style-type: none"> <li>▪ <i>“It is hoped that the growth of <b>small, micro and medium-sized enterprises (SMMEs)</b> will boost the second economy and reduce unemployment. However, the anticipated employment boom has not materialised, and employment in the informal sector fell by 6.9% between September 2000 and March 2006, perhaps because of the regulatory environment, and certainly because of difficulties in accessing finance.”</i></li> </ul> <p><i>Source : EC, Cooperation between the European Union and South Africa - Joint Country Strategy Paper 2007 — 2013, p.11</i></p>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<p><b>Risk Capital Facility 2 (SBS) - South Africa:</b> The programme documentation explicitly cites the government strategy cited in I-5.1.2 above in its justification of the programme:</p> <p><i>“The EC Support to the Risk Capital Facility [RCF] aims to provide employment opportunities to historically disadvantaged persons (HDPs) active within the small and medium enterprise sector...As such it is in direct support to GoSA’s Microeconomic Reform Strategy and its Broad Based Black Economic Empowerment Strategy.</i></p> <p><i>The facility provides ‘gap’ finance to small enterprises that is not currently available to businesses with inherently high risk profiles. The high risk inherent to its clients will be managed through active monitoring by the implementing organisation and the provision of business support services as well as enhanced co-operation with other funding channels and use of their support networks.”</i></p> <p><i>Source : EC, Financing Proposal No SA/B-73200/2005/, p.1.</i></p>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-5.1.3</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa:</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-5.1.4</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b> the intervention was designed to tackle the difficulty faced by black entrepreneurs in obtaining financing, as outlined in the analysis referred to under I-5.1.1. See I-5.1.2 for further details.
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-5.1.5</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<p><b>Risk Capital Facility 2 (SBS) - South Africa:</b> the Risk Capital Facility 2 explicitly included co-investment alongside other financial institutions in order to expand coverage, thus going beyond the mandate of the predecessor Risk Capital Fund 1:</p> <p><i>“Whereas the Risk Capital Fund 1, could only invest alongside IDC or into “niche funds”, the RCF2 of the proposed programme will be able to also co-invest alongside other financial institutions on a deal by deal basis. This is to optimise its geographical and sectoral coverage. The scope for co-investment with other channels will be actively pursued with organisations such as (but not limited to) Umsombomvu Youth Fund, Business Partners and Ithala. The investment approval and monitoring process of this proposed channel is to be negotiated and set out in the financing agreement between all the parties.”</i></p>



	<i>Source: EC, Financing Proposal No SA/B-73200/2005/, p.5</i>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>JC 5.2</b>	<b><i>At the macro-level, the Commission has addressed the constraints in the business environment for larger enterprises and MSMEs to develop</i></b>
<b>Findings at JC level</b>	
<b>I-5.2.1</b>	Steps were taken to facilitate the creation of formal enterprises, through accessible procedures of registration
<b>I-5.2.2</b>	The Commission has supported the regulatory environment of financial intermediaries to facilitate their lending to, and/or investment in, MSMEs
<b>I-5.2.1</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa:</b> RCF 2 did not target facilitation of enterprise formation in terms of registration procedures.
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-5.2.2</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b> RCF 2 did not target the regulatory environment of financial intermediaries.
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>JC 5.3</b>	<b><i>Support targeted enterprises that were facing difficulties in obtaining loan and investment funding</i></b>
<b>Findings at JC level</b>	
<b>I-5.3.1</b>	The Commission had a specific approach to identify those enterprises that were facing difficulties in obtaining loan and investment funding
<b>I-5.3.2</b>	The Commission identified the specific constraints these enterprises were facing
<b>I-5.3.3</b>	The Commission support was geared to these enterprises and aimed at tackling their specific constraints, including specifically for MSMEs (core constraints of lack of capitalisation and lack of collateral)
<b>I-5.3.1</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa:</b> details are not given in the project documentation of the approach taken by the intervention to identify individual enterprises facing difficulties in obtaining financing. But the broad focus on enterprises owned by “historically disadvantaged people” is outlined, and in support of the government’s own Black Economic Empowerment Strategy (2003). <i>Source: South Africa’s Economic Transformation: A Strategy for Broad-Based Black Economic Empowerment; EC, Financing Proposal No SA/B-73200/2005/</i>

	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-5.3.2</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa:</b> the programme documentation briefly outlines the problems faced by companies owned by historically disadvantaged persons, but without further elaboration: <i>“The EC contribution to RCF will enable it to help address the problems of emerging entrepreneurs through the provision of risk finance to companies owned by historically disadvantaged persons (HDPs) active within the small and medium enterprise sector, using equity and quasi-equity finance.</i>  <i>The facility provides ‘gap’ finance to small enterprises that is not currently available to businesses with inherently high risk profiles. The high risk inherent to its clients will be managed through active monitoring by the implementing organisation and the provision of business support services as well as enhanced co-operation with other funding channels and use of their support networks.”</i> <i>Source: EC, Financing Proposal No SA/B-73200/2005/, p.1</i>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-5.3.3</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa:</b> see I-5.3.2 above.
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>JC 5.4</b>	<b><i>At the meso-level, the Commission has supported the intermediary organisations supporting enterprises (large and MSMEs)</i></b>
<b>Findings at JC level</b>	
<b>I-5.4.1</b>	Stakeholders consider that the Commission has selected those private sector representative organisations that have a real impact
<b>I-5.4.2</b>	Intermediary Organisations supported by the Commission have, during the period of support, implemented activities designed to increase capacity of private sector enterprises to obtain funding from bank or non-banking institutions
<b>I-5.4.1</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-5.4.2</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>

<b>JC 5.5</b>	<b><i>The ability of enterprises to obtain loan and investment funding has been strengthened</i></b>
<b>Findings at JC level</b>	
<b>I-5.5.1</b>	Improvements in enterprises' capacities to submit bankable dossiers and evidence provided in this respect
<b>I-5.5.2</b>	Improvements in enterprises' accounting practices and evidence provided in this respect
<b>I-5.5.3</b>	Improvements in dealing with enterprises' lack of capitalisation (e.g. through seed money, venture capital) and lack of collateral (e.g. guarantee schemes) and evidence provided in this respect
<b>I-5.5.1</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa:</b> no improvement in enterprises capacity to submit bankable dossiers are presented in the programme documentation. <i>Source: EC, ROM Mission Background Conclusion Sheet, AFS/2005/017578, December 2010</i>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-5.5.2</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa:</b> no improvement in enterprises accounting practices are presented in the programme documentation. <i>Source: EC, ROM Mission Background Conclusion Sheet, AFS/2005/017578, December 2010</i>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-5.5.3</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa:</b> the following results regarding capitalisation are presented in the ROM monitoring report for the intervention: <i>"By September 2010, 30 investments worth ZAR 153 million had been approved through the direct channel and 4 through the Niche Fund Channel worth ZAR 125 million. Impairments as a percentage of total value of these approvals stood at 11.8% and the expected return (excluding upside) was stated to be 7.4%. Against a target of 65% of all investments (both in terms of numbers and volume) being in the priority areas i.e. outside Gauteng and Western Cape, the achievement was 54% in terms of volume and 48% in terms of numbers. A total of 5 deals worth ZAR 3.25 million had been written off."</i> <i>Source: EC, ROM Mission Background Conclusion Sheet, AFS/2005/017578, December 2010</i>
	<b>Local economic development - Kwazulu Natal - South Africa</b>

<b>JC 5.6</b>	<b><i>Supported financial institutions have improved their ability to mobilise funding and/or act as intermediaries</i></b>
<b>Findings at JC level</b>	
<b>I-5.6.1</b>	Commission strategy and programming documents foresee support for the mobilisation of private funding sources including private savings
<b>I-5.6.2</b>	Commission strategy and programming documents foresee support for more efficient financial markets
<b>I-5.6.3</b>	Central Bank monitoring data show an increase and diversification of private funding sources including private savings
<b>I-5.6.4</b>	Stakeholders consider there is a linkage between the observed evolutions in funding mobilisation and the Commission's support
<b>I-5.6.5</b>	Local financial institutions have improved their mobilisation and intermediation to effectively channel resources and adapt financial services/products to the needs of local enterprises and notably of MSMEs
<b>I-5.6.1</b>	<b>SOUTH AFRICA:</b> neither of the two CSPs for South Africa during the evaluation period foresee support for the mobilisation of private funding sources.
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa:</b> the programming documentation does not explicitly foresee support for mobilisation of private savings as such. Nevertheless, as noted in I-5.1.5 above, the RCF2 does foresee co-investment with local financial institutions, including the Umsombomvu Youth Fund, Business Partners and Ithala; the latter two of which are venture capital firms. <i>Source: EC, Financing Proposal No SA/B-73200/2005/, p.5</i>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-5.6.2</b>	<b>SOUTH AFRICA:</b> neither of the two CSPs for South Africa during the evaluation period foresee support for more efficiency financial markets.
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa:</b> the programming documentation does not foresee support for more efficient financial markets.
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-5.6.3</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-5.6.4</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-5.6.5</b>	<b>SOUTH AFRICA</b> In addition to the comments across EQ5 on RCF II, EC staff and beneficiaries in SA noted that the RCF II successfully targeted SMEs of a particular size, who

	<p>struggle to obtain financing through other means. MTR results suggest that the project was successful in meeting its performance targets and there were indications of high sustainability and demonstration effect.</p> <p>Some stakeholders raised questions regarding the high minimum loan threshold (R3m) which ruled out smaller SMEs from taking part on their own.</p> <p><i>Source: MN, 510, 513, 517, 525, 527</i></p>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>JC 5.7</b>	<b><i>Among MSMEs, the Commission has addressed the constraints of micro-enterprises</i></b>
<b>Findings at JC level</b>	The EU Country Strategy Papers covering the evaluation period do not address the specific constraints of micro-enterprises in significant detail.
<b>I-5.7.1</b>	The Commission has analysed the specific problems of micro-enterprises in countries of intervention
<b>I-5.7.2</b>	The Commission has addressed the capacity problems of micro-enterprises in terms of submitting bankable financing requests to financial intermediaries
<b>I-5.7.3</b>	The Commission has addressed the capacity problems of micro-enterprises in terms of management capacity, accounting, and transparency
<b>I-5.7.4</b>	Evidence that MSMEs have improved their access to finance and role of the Commission support in this respect
<b>I-5.7.1</b>	<p><b>SOUTH AFRICA</b></p> <p>See answer to I-5.2.5 above.</p> <p><b>SPSP Economic Cluster (SBS) - South Africa</b></p> <p><b>Risk Capital Facility 2 (SBS) - South Africa:</b> RCF2 targets the SME market rather than the micro-enterprise market. The programme documentation notes that the government of South Africa already has funds targeting micro-enterprises and larger enterprises, but lacks a large scale fund for companies of SME-scale:</p> <p><i>"[The South African government] is setting up the Apex Fund, aimed at providing credit to micro-enterprises and the National Empowerment Fund (NEF), which targets larger BEE deals. R 800 million is set aside for the Apex Fund and NEF is being re-launched with a capital of R 0,5 Billion. RCF operates in the middle field, promoting investment in companies larger than those catered to by the Apex Fund and in some cases smaller than those served by the NEF's interventions"</i></p> <p><i>Source: EC, Financing Proposal No SA/B-73200/2005/, p.3</i></p> <p><b>Local economic development - Kwazulu Natal - South Africa</b></p>
<b>I-5.7.2</b>	<p><b>SOUTH AFRICA</b></p> <p><b>SPSP Economic Cluster (SBS) - South Africa</b></p> <p><b>Risk Capital Facility 2 (SBS) - South Africa:</b> as above, micro-enterprises were not targeted by the RCF2.</p> <p><b>Local economic development - Kwazulu Natal - South Africa</b></p>
<b>I-5.7.3</b>	<b>SOUTH AFRICA</b>

	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b> as above, micro-enterprises were not targeted by the RCF2.
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-5.7.4</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b> as above, micro-enterprises were not targeted by the RCF2.
	<b>Local economic development - Kwazulu Natal - South Africa</b>

<b>EQ 6</b>	<b>To what extent did the Commission contribute to a better ability of enterprises, in particular SMEs, to compete and to access technology and new markets?</b>
<b>Other relevant information (not captured elsewhere)</b>	<p>EC staff noted that this was not a focus of EC activities in SA. As per notes below, RCF II did provide BDS provision, but with low take up (1% of the total allocation for BDS was used by close of 2009). MTR suggested this was due to a “hands off approach” with high number of subordinate unsecured loans rather than “real” equity.</p> <p>Local Economic Development KwaZuluNatal also included BDS services, but with delivery problems, including: strict interpretation of EU procedures, demand-driven approach, when used, led to some projects for the sake of grants rather than sustainable business ideas.</p> <p><i>Source: MN, 510, 517</i></p>
<b>JC 6.1</b>	<b><i>The Commission's support, and mainly BDS, was targeted on the basis of an analysis of the main shortcomings of enterprises in terms of competitiveness</i></b>
<b>Findings at JC level</b>	
<b>I-6.1.1</b>	Existence of documented analysis of the main shortcomings of enterprises in terms of competitiveness, including forward studies and surveys of key sectors or subsectors in regions/countries concerned
<b>I-6.1.2</b>	In its strategy/programming documents the Commission refers to these analyses
<b>I-6.1.3</b>	Stakeholders, in particular from the private sector, consider that the shortcomings identified are the right ones
<b>I-6.1.4</b>	The Commission support was geared towards tackling the shortcomings identified in these analyses
<b>I-6.1.5</b>	A critical mass of enterprises facing competitiveness problems (grouped by sector, or by potential exporting enterprises) has been targeted
<b>I-6.1.6</b>	PSD programming in the area of BDS and non-financial service provision has targeted sustainable reinforcement of the structures and functioning of local markets (as per Recommendation RI-2 of the 2005 Evaluation)
<b>I-6.1.7</b>	Number of BDS interventions aimed at reinforcing local BDS markets versus the number of interventions providing direct BDS services
<b>I-6.1.1</b>	<p><b>SOUTH AFRICA:</b></p> <p><b>SPSP Economic Cluster (SBS) - South Africa</b></p> <p><b>Risk Capital Facility 2 (SBS) - South Africa</b> The programme documentation does not include reference to analyses of studies outlining the shortcoming of enterprises in terms of competitiveness.</p> <p><b>Local economic development - Kwazulu Natal - South Africa</b></p>
<b>I-6.1.2</b>	<b>SOUTH AFRICA:</b> neither of the two CSPs covering the evaluation period refer to specific forward studies or surveys of enterprise competitiveness in key sectors of the South African economy.

	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa:</b> see I-6.1.1 above
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-6.1.3</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-6.1.4</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa:</b> BDS service provision was not specifically targeted towards improved any particular aspect of competitiveness as outlined in sectoral studies of South African enterprises, but it did include capacity development in order to ensure that the RCF2 investees had the capacity to absorb and capitalise on grants/loans. Service provision included management training, technical assistance and monitoring over the project lifetime. <i>Source: EC, Financing Proposal No SA/B-73200/2005/, p.10</i>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-6.1.5</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa:</b> no critical mass of enterprises was targeted for BDS provision; instead BDS was intended to be supplied to investees upon application. As an indicative target, the financing proposal included a target of 150 managers receiving training during the project lifetime. <i>Source: EC, Financing Proposal No SA/B-73200/2005/, Annex 2.</i>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-6.1.6</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa:</b> the intervention did not target sustainable reinforcement of the BDS market. Instead, BDS was provided directly to those RCF2 investees that applied for BDS provision. <i>Source: EC, Financing Proposal No SA/B-73200/2005/.</i>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-6.1.7</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa:</b> as per I-6.1.6 above, no activities supported the BDS market as such, whilst a total of 8 interventions (totalling ZAR138,000) provided BDS services directly to RCF2 investee enterprises. <i>Source: EC, Financing Proposal No SA/B-73200/2005/, Annex 2.</i>
	<b>Local economic development - Kwazulu Natal - South Africa</b>



<b>JC 6.2</b>	<b><i>The delivery channels or IOs for this support were appropriate and able to deliver</i></b>
<b>Findings at JC level</b>	
<b>I-6.2.1</b>	Commission programming documents and stakeholders show that intermediary organisations were selected on the basis of their ability to deliver
<b>I-6.2.2</b>	Monitoring/evaluation reports and/or stakeholders provide evidence that selected intermediary organisations delivered
<b>I-6.2.3</b>	Monitoring/evaluation reports and/or stakeholders provide evidence that key follow-up at the level of intermediary organisations occurred
<b>I-6.2.4</b>	Monitoring/evaluation reports and/or stakeholders provide evidence to show that institutions for business development services have been strengthened in a sustainable manner
<b>I-6.2.1</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-6.2.2</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-6.2.3</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-6.2.4</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>JC 6.3</b>	<b><i>Enterprises that benefited from Commission support have been upgraded and accessed new markets</i></b>
<b>Findings at JC level</b>	
<b>I-6.3.1</b>	Evidence exists of follow-up after cooperation meetings and agreements in terms of upgrading of enterprises (development of skills, know-how, managerial, market knowledge, etc.), and adequate targeting of key sectors
<b>I-6.3.2</b>	Number of business to business cooperation and promotion meetings which gave rise to increased trade exchanges and enhanced export prospects

I-6.3.3	Number of business to business cooperation and promotion meetings which gave rise to durable partnerships enhancing business opportunities and sustainable enterprise prospects
I-6.3.4	Monitoring reports demonstrate a systematic flow of know-how resulting from such activities
I-6.3.1	<b>SOUTH AFRICA</b>
	SPSP Economic Cluster (SBS) - South Africa
	Risk Capital Facility 2 (SBS) - South Africa
	Local economic development - Kwazulu Natal - South Africa
I-6.3.2	<b>SOUTH AFRICA</b>
	SPSP Economic Cluster (SBS) - South Africa
	Risk Capital Facility 2 (SBS) - South Africa
	Local economic development - Kwazulu Natal - South Africa
I-6.3.3	<b>SOUTH AFRICA</b>
	SPSP Economic Cluster (SBS) - South Africa
	Risk Capital Facility 2 (SBS) - South Africa
	Local economic development - Kwazulu Natal - South Africa
I-6.3.4	<b>SOUTH AFRICA</b>
	SPSP Economic Cluster (SBS) - South Africa
	Risk Capital Facility 2 (SBS) - South Africa
	Local economic development - Kwazulu Natal - South Africa
<i>JC 6.4</i>	<i>Enterprises that benefited from Commission support have increased their access to technology</i>
Findings at JC level	
I-6.4.1	Monitoring reports show that new technology, including European technology, has been mobilised by enterprises in Partner Countries
I-6.4.2	Stakeholders interviews indicate that such technology transfers has heightened their competitiveness
I-6.4.3	Monitoring reports indicate that the volume of technology transfers has been important for enterprises and relevant target sectors
I-6.4.1	<b>SOUTH AFRICA</b>
	SPSP Economic Cluster (SBS) - South Africa
	Risk Capital Facility 2 (SBS) - South Africa
	Local economic development - Kwazulu Natal - South Africa
I-6.4.2	<b>SOUTH AFRICA</b>

	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-6.4.3</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>

EQ 7	To what extent did Commission support contribute to increased cross-border investment in partner countries' private sectors?
<b>Other relevant information (not captured elsewhere)</b>	<p>EC staff argued that this was not a focal area of activity. The only relevant activity in this area during the evaluation period was the EU-SADC Investment Promotion programme: targeting investment relations between EU and SADC countries. B2B meetings were conducted, successfully meetings outputs in terms of numbers of participants, and signature of letter of intent to follow up with investment. However, the resulting business relationships were not monitored by the EC, so results are hard to record.</p> <p><i>Source: MN, 510, 517</i></p>
<b>JC 7.1</b>	<b><i>The Commission's support was targeted on the basis of an analysis of the needs of enterprises</i></b>
<b>Findings at JC level</b>	
<b>I-7.1.1</b>	Enterprises needs analyses provided in regional/country surveys or through other means
<b>I-7.1.2</b>	Evidence in programming documentation on the Commission's knowledge of potential European sources of investment when organising investment promotion activities
<b>I-7.1.3</b>	Elements provided in programming documentation and/or by stakeholders showing that the Commission's support was based on these needs analyses and that the Commission had a prioritised approach in selecting groups of beneficiary enterprises
<b>I-7.1.1</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa:</b> the RCF2 did not target increased cross-border investment in South African enterprises.
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-7.1.2</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b> the RCF2 did not target increased cross-border investment in South African enterprises.
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-7.1.3</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b> the RCF2 did not target increased cross-border investment in South African enterprises.
	<b>Local economic development - Kwazulu Natal - South Africa</b>

<b>JC 7.2</b>	<i>The Commission has supported the development of investment-related intermediary organisations, and these IOs have effectively engaged in investment promotion</i>
<b>Findings at JC level</b>	
<b>I-7.2.1</b>	Number of Investment Promotion Agencies (IPAs) and other investment intermediaries supported
<b>I-7.2.2</b>	Monitoring reports contain evidence of improvements in the performance of IOs in the supply of investment support
<b>I-7.2.3</b>	Number of investment promotion events that gave rise to actual additional investment
<b>I-7.2.1</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b> the RCF2 did not target increased cross-border investment in South African enterprises.
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-7.2.2</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b> the RCF2 did not target increased cross-border investment in South African enterprises.
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-7.2.3</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b> the RCF2 did not target increased cross-border investment in South African enterprises.
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>JC 7.3</b>	<i>The Commission has supported investment related business to business meetings &amp; investment promotion events, and these have had identifiable results</i>
<b>Findings at JC level</b>	
<b>I-7.3.1</b>	Number of investment promotion meetings & events organised
<b>I-7.3.2</b>	Monitoring reports contain evidence of investment mobilisation resulting from such events, and stakeholders confirm such results
<b>I-7.3.3</b>	Commission follow-up steps have been taken to enhance the results of investment promotion activities
<b>I-7.3.4</b>	Also see answers to indicators I-6.3.2 and I-6.3.3 above
<b>I-7.3.1</b>	<b>SOUTH AFRICA</b>

	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b> the RCF2 did not target increased cross-border investment in South African enterprises.
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-7.3.2</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b> the RCF2 did not target increased cross-border investment in South African enterprises.
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-7.3.3</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b> the RCF2 did not target increased cross-border investment in South African enterprises.
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-7.3.4</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b> the RCF2 did not target increased cross-border investment in South African enterprises.
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>JC 7.4</b>	<b><i>Commission support has encouraged FDI</i></b>
<b>Findings at JC level</b>	<p>Economic cooperation between South Africa and the EU has, aside from specific Commission support to PSD, led to high levels of FDI in South Africa from the EU, compared to other investor countries and regions:</p> <p><i>“Europeans continue to be the most importance source of foreign direct investment in South Africa, with their share increasing to around 80% in 2005. Moreover, the European Union accounted for approximately 66% of net foreign investment in South Africa in 2003 and 2004, and in 2005 the EU’s share of the total assets held by foreigners in South Africa amounted to around 60%.”</i></p> <p><i>Source : EC, Cooperation between the European Union and South Africa - Joint Country Strategy Paper 2007 — 2013, p.11</i></p>
<b>I-7.4.1</b>	Reports exist that document the mobilisation of investment flows as a result of Commission support
<b>I-7.4.2</b>	In the absence of actual financial investment, the Commissions reports demonstrate that potential has been created for later investment resulting from business partnerships
<b>I-7.4.1</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b> the RCF2 did not target increased cross-border investment in South African enterprises.

	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-7.4.2</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b> the RCF2 did not target increased cross-border investment in South African enterprises.
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>JC 7.5</b>	<b><i>SMEs were adequately targeted by comprehensive provision of investment related services</i></b>
<b>Findings at JC level</b>	
<b>I-7.5.1</b>	Regional and country surveys and studies indicate that SMEs were among the Commission's priorities
<b>I-7.5.2</b>	Intervention documentation evidences that SMEs have been duly targeted
<b>I-7.5.3</b>	Monitoring reports contain evidence of investment mobilisation benefiting SMEs
<b>I-7.5.1</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b> the RCF2 did not target increased cross-border investment in South African enterprises.
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-7.5.2</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b> the RCF2 did not target increased cross-border investment in South African enterprises.
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-7.5.3</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b> the RCF2 did not target increased cross-border investment in South African enterprises.
	<b>Local economic development - Kwazulu Natal - South Africa</b>

<b>EQ 8</b>	<b>To what extent has the Commission PSD support contributed to facilitate the generation of employment?</b>
<b>Other relevant information (not captured elsewhere)</b>	
<b>JC 8.1</b>	<b><i>The Commission monitors employment effects</i></b>
<b>Findings at JC level</b>	
<b>I-8.1.1</b>	Description of Commission practices in terms of monitoring of employment effects (e.g. specific indicators defined)
<b>I-8.1.2</b>	Evolution of employment figures included in beneficiary progress reports to Commission
<b>I-8.1.1</b>	<p><b>SOUTH AFRICA</b></p> <p>Employment effects were monitored by the EC, but mainly by looking at raw numbers of jobs created during project implementation. Very little monitoring of evolving employment effects through time, and after intervention closure. Also, some EC staff noted uncertainty about the most appropriate way to measure employment generation. Concerns included:</p> <ul style="list-style-type: none"> <li>- Uncertainty about calibration: what number of jobs created constitutes success? How high should targets be set?</li> <li>- How should they define a sustainable job? &gt;6months employment? &gt;12months?</li> </ul> <p><i>Source: MN, 510, 513, 517</i></p> <p><b>SPSP Economic Cluster (SBS) - South Africa</b></p> <p><b>Risk Capital Facility 2 (SBS) - South Africa: employment indicators listed in the FA included:</b></p> <ul style="list-style-type: none"> <li>▪ Six thousand new jobs of which around 30% are held by women are created as a result of the investments and the BSS as follows:</li> </ul> <p><b>Local economic development - Kwazulu Natal - South Africa</b></p>
<b>I-8.1.2</b>	<p><b>SOUTH AFRICA</b></p> <p><b>SPSP Economic Cluster (SBS) - South Africa</b></p> <p><b>Risk Capital Facility 2 (SBS) - South Africa:</b></p> <p><i>“The number of jobs expected to have been created was 3,857 of which 1,305 were expected to be held by women. The investment per job created stands at ZAR 39,782 per job through the Direct Channel which is positively below the ZAR 60,000 target stipulated in the FA. Management positions occupied by HDPs were expected to be 115 of which 50 or 43% of the total were expected to be held by women. It is important to note though that the largest 5 investees contribute to more than 50% of the expected jobs created and over 75% of expected HDP ownership.”</i></p> <p><i>Source: EC, ROM Mission Background Conclusion Sheet, AFS/2005/017578, December 2010</i></p> <p><b>Local economic development - Kwazulu Natal - South Africa</b></p>



<b>JC 8.2</b>	<b><i>Generation of employment has been a concern of the Commission when providing PSD support</i></b>
<b>Findings at JC level</b>	<p>As per the observations below regarding the EC's strategy papers, EC staff and partner country stakeholders noted that employment generation was central to the EC's interventions in SA.</p> <p>Indeed, EC staff argued that they did not fit employment into their PSD strategy so much as fit PSD into their employment generation strategy.</p> <p><i>Source: MN, 510, 517</i></p> <p>The EU-South Africa country strategy papers demonstrate awareness of the need for employment generation in South Africa, discusses some potential policy responses to it, and identifies employment generation as one of the three focal areas for European partner country support:</p> <ol style="list-style-type: none"> <li>1. CSP 2007-2013 defines unemployment as the country's key economic and social problem: <p><i>« Tangible though modest economic growth and the stable internal and external macro-economic situation have not produced a sustainable solution to <b>unemployment</b>, the country's key economic and social problem. Jobs are being created, but not fast enough to incorporate the number of new entrants into the labour market. The demand for labour has been constricted by slow economic growth — a result of low rates of investment and saving (18.4% and 14.2% of GDP respectively in the first nine months of 2006) — and also the continued ability of capital-intensive firms to benefit from the base they built up under apartheid. The opening up of the economy has reduced the importance of sectors such as mining, clothing and textiles and boosted less labour-intensive sectors such as wholesale and retail trade, services, construction and communications. The legacy of apartheid means that there is a structural element to the unemployment in the country. Business is highly concentrated in certain areas of the country, further disadvantaging people who live far away from sources of employment growth, potential employees who lack skills, and potential entrepreneurs who lack both collateral and access to the financial and business services that might help them set up their own enterprises. »</i></p> <p><i>Source : EC, Cooperation between the European Union and South Africa - Joint Country Strategy Paper 2007 — 2013, p. 10</i></p> </li> </ol> <p>The CSP 2007-2013 also highlights possible options for tackling unemployment:</p> <p><i>« One way of <b>tackling unemployment</b> is to achieve sustainably higher employment-rich economic growth, produced by labour-intensive economic activities. This approach would require the first economy to continue to play the dominant economic role while the second economy is supported and strengthened, including through the promotion of decent work and more equitable access to social protection, with the informal sector being helped to join the mainstream economy. <b>Skills development in crucial areas</b> would be a high priority. Such an approach would also help to reduce inequality in income distribution as well as the dependence of households on social grants. It would be essential to ensure that the benefits of growth extend to those parts of the country where the poor are concentrated. »</i></p> <p><i>Source : EC, Cooperation between the European Union and South Africa - Joint Country Strategy Paper 2007 — 2013, p.16</i></p> <p>Regarding the EU's response to the unemployment problem, however, less is said in the CSP 2007-2013. Nevertheless, the promotion of "pro-poor, sustainable</p>

	<p>economic growth, including in the second economy, focusing on generating employment, reducing inequality, developing skills and tackling social exclusion” is cited as the first of three priority action areas for European partners in South Africa.</p> <p><i>Source : EC, Cooperation between the European Union and South Africa - Joint Country Strategy Paper 2007 — 2013, p.30</i></p>
I-8.2.1	Commission strategy and programming documents explain how supported interventions will contribute to employment
I-8.2.2	Available reports explain how Commission support aimed at and did contribute to employment
I-8.2.3	Stakeholders consider that Commission interventions aimed at and did contribute to the generation of employment
I-8.2.1	<p><b>SOUTH AFRICA:</b> whilst not explicitly explaining how Commission interventions will contribute to employment generation, the CSP 2007-2013 does highlight the importance of the employment generation in South Africa, in line with the priorities of the government.</p> <p><b>SPSP Economic Cluster (SBS) - South Africa</b></p> <p><b>Risk Capital Facility 2 (SBS) - South Africa:</b> the programme FA outlines the broad manner in which the RCF2 is expected to contribute to South African employment:</p> <p><i>“The EC Support to the Risk Capital Facility aims to provide employment opportunities to historically disadvantaged persons (HDPs) active within the small and medium enterprise sector through providing support to: the Risk Capital Facility (RCF) set up by GoSA and managed by the Industrial development Corporation of South Africa (IDC), for an amount of €50 million in the form of budget support. As such it is in direct support to GoSA’s Microeconomic Reform Strategy and its Broad Based Black Economic Empowerment Strategy.</i></p> <p><i>This support will take place in alignment with the Department of Trade and Industry’s (dti) Medium Term Strategy Framework for 2005 to 2008 of contributing to a higher level of economic growth, create employment and reduce levels of inequality in the economy</i></p> <p><i>The EC support will assist the achievement of this overall goal by:</i></p> <ol style="list-style-type: none"> <li><i>1) increasing the contribution of small enterprises to the economy,</i></li> <li><i>2) progressing broad based black economic empowerment</i></li> <li><i>3) increasing the level of direct investment in the economy and specific priority sectors.”</i> <p><i>Source : EC, Financing Proposal No SA/B-73200/2005/, p.1.</i></p> <p><b>Local economic development - Kwazulu Natal - South Africa</b></p> </li></ol>
I-8.2.2	<p><b>SOUTH AFRICA</b></p> <p><b>SPSP Economic Cluster (SBS) - South Africa</b></p> <p><b>Risk Capital Facility 2 (SBS) - South Africa:</b> see I-8.1.2 above</p> <p><b>Local economic development - Kwazulu Natal - South Africa</b></p>
I-8.2.3	<p><b>SOUTH AFRICA</b></p> <p><b>SPSP Economic Cluster (SBS) - South Africa</b></p>

	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>JC 8.3</b>	<b><i>Commission support to formalisation of MSMEs has contributed to increased employment opportunities</i></b>
<b>Findings at JC level</b>	<p>The EU-South Africa Country Strategy Papers have outlined the importance of MSMEs and the informal (“second”) economy in tackling unemployment, without explicitly committing to supporting the formalisation of MSMEs over the evaluation period:</p> <p>The CSP 2007-2013 notes that:</p> <ul style="list-style-type: none"> <li>▪ <i>“It is hoped that the growth of <b>small, micro and medium-sized enterprises (SMMEs)</b> will boost the second economy and reduce unemployment. However, the anticipated employment boom has not materialised, and employment in the informal sector fell by 6.9% between September 2000 and March 2006, perhaps because of the regulatory environment, and certainly because of difficulties in accessing finance.”</i></li> </ul> <p>Before adding that there is <i>“a need for a coherent strategy for developing the second economy – and for a comprehensive policy on encouraging employment”</i>.</p> <p>However, the Commission did not directly target the informal sector in any of its PSD-related interventions over the evaluation period.</p> <p><i>Source : MN, 510, 517; EC, Cooperation between the European Union and South Africa - Joint Country Strategy Paper 2007 — 2013, p.11</i></p>
<b>I-8.3.1</b>	Evolution of employment figures within MSME sector in beneficiary countries during evaluation period
<b>I-8.3.2</b>	Number of MSMEs created in beneficiary countries during evaluation period
<b>I-8.3.1</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-8.3.2</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>JC 8.4</b>	<b><i>Commission SBS has increased private sector employment opportunities in the sectors supported</i></b>
<b>Findings at JC level</b>	
<b>I-8.4.1</b>	Evolution of employment figures in the sectors supported by Commission SBS during evaluation period
<b>I-8.4.1</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>

	<b>Risk Capital Facility 2 (SBS) - South Africa:</b> see I-8.1.2 above for evolution of employment as a result of the RCF2 intervention. No figures for employment in the sector supported are given.
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>JC 8.5</b>	<b><i>Commission support has contributed to the transition of entrepreneurs from the informal to the formal sector</i></b>
<b>Findings at JC level</b>	
<b>I-8.5.1</b>	Commission strategy and programming documents foresee support for the transition from the informal to the formal sector
<b>I-8.5.2</b>	Improvements in the transition from the informal to the formal sector
<b>I-8.5.1</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa:</b> the RCF2 programming documentation does not target enterprise transition to the formal economy.
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-8.5.2</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa:</b> the RCF2 programming documentation does not target enterprise transition to the formal economy.
	<b>Local economic development - Kwazulu Natal - South Africa</b>

EQ 9	What was the Commission's added-value when providing support to PSD in third countries?
Other relevant information (not captured elsewhere)	
JC 9.1	<i>The Commission PSD strategies were geared towards the provision of Commission-specific benefits, as compared to private sector initiatives, other financing modalities and support provided by other actors</i>
Findings at JC level	
I-9.1.1	Commission documents that lay down the overall (not country specific) PSD strategy of the Commission require that the Commission PSD strategies and interventions are chosen on the basis of, among other things, the specific benefits the Commission can provide
I-9.1.2	CSPs/RSPs and programming documents highlight the specific value added of the Commission support
I-9.1.3	Stakeholders consider that the potential value added of the Commission support has been a key criterion for deciding on the nature of the support to be provided
I-9.1.1	<p><b>SOUTH AFRICA</b></p> <p>See comments under EQ2 above: EC staff noted that the EC designed its interventions around EC value added in the specific context of an upper middle income country with low ODA dependence. Result was a focus on innovative demonstration projects, with maximum take-up and scaling potential for the GoSA.</p> <p><b>SPSP Economic Cluster (SBS) - South Africa</b></p> <p><b>Risk Capital Facility 2 (SBS) - South Africa</b></p> <p><b>Local economic development - Kwazulu Natal - South Africa</b></p>
I-9.1.2	<p><b>SOUTH AFRICA:</b> The CSPs for South Africa do not refer specifically to the EC's potential added-value as opposed to other donors, nor to the specific value-added potential of assistance in the area of private sector development. However, the CSP 2007-2013 does refer directly to the potential value-added of ODA in general in the South African context:</p> <p><i>« South Africa's strong macro-economy, together with its sound domestic financial resources, means that the government could, in future, use its own financial resources to fund programmes that are currently financed by donors. The real value added by ODA is not the finance itself, but what comes with it: best practice, innovation, risk-taking, pilot programmes, systems development, capacity building, and above all skills and knowledge. »</i></p> <p><i>Source : EC, Cooperation between the European Union and South Africa - Joint Country Strategy Paper 2007 — 2013, p.28.</i></p> <p><b>SPSP Economic Cluster (SBS) - South Africa</b></p> <p><b>Risk Capital Facility 2 (SBS) - South Africa</b></p> <p><b>Local economic development - Kwazulu Natal - South Africa</b></p>

I-9.1.3	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>JC 9.2</b>	<i>The beneficiaries of Commission PSD support were not in a position to provide or to provide as swiftly and with the same results the support that was provided by the Commission</i>
<b>Findings at JC level</b>	
I-9.2.1	Evidence provided in strategy, programming documents and reports that show that beneficiaries at macro, meso- and micro level were not in a position to provide the support
I-9.2.2	Stakeholders consider that beneficiaries at macro, meso- and micro level were not in a position to provide the support
I-9.2.1	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa:</b> no such evidence is provided in the programme documentation.
	<b>Local economic development - Kwazulu Natal - South Africa</b>
I-9.2.2	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>JC 9.3</b>	<i>The Commission's grant support had specific benefits</i>
<b>Findings at JC level</b>	
I-9.3.1	Areas of PSD support selected by the Commission are generally not considered as fit for loan funding or for other financing modalities
I-9.3.2	Evidence provided in evaluation/ monitoring reports on the value added of the Commission through blending grant funding with other modes and sources of funding
I-9.3.3	Stakeholders consider that the Commission had value added through blending grant funding with other modes and sources of funding
I-9.3.4	Elements provided in strategy, programming documents, and reports that show other specific benefits of grant funding for the interventions
I-9.3.5	Stakeholders are able to show other specific benefits of the grant funding for the PSD support provided
I-9.3.1	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>

	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-9.3.2</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa:</b> the added value of EC funding via the RCF2 is justified in the programme documentation by reference to the ability to co-finance with other financial institutions and optimise in this ways its geographical and sectoral coverage: <i>“Whereas the Risk Capital Fund 1, could only invest alongside IDC or into “niche funds”, the RCF2 of the proposed programme will be able to also co-invest alongside other financial institutions on a deal by deal basis. This is to optimise its geographical and sectoral coverage. The scope for co-investment with other channels will be actively pursued with organisations such as (but not limited to) Umsombomvu Youth Fund, Business Partners and Ithala.”</i>  <i>Source : EC, Financing Proposal No SA/B-73200/2005/, p.5.</i>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-9.3.3</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-9.3.4</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-9.3.5</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>JC 9.4</b>	<b><i>The Commission had a specific value added compared to the support provided by other public actors, in particular but not only EU MS</i></b>
<b>Findings at JC level</b>	
<b>I-9.4.1</b>	Documents show and stakeholders consider that the Commission's support at country and/or intervention level was of significant financial weight compared to the support provided by other actors
<b>I-9.4.2</b>	Documents show and stakeholders consider that the Commission provided a technical expertise that could not be provided by other actors (to the extent possible to be broken down by area of intervention)
<b>I-9.4.3</b>	Documents show and stakeholders consider that the Commission infused EU best practice and standards through its support
<b>I-9.4.4</b>	Documents show and stakeholders consider that the Commission's procedures)

	offered advantages compared to those of other actors
I-9.4.5	Documents show and stakeholders consider that the fact that the support was provided by the Commission as representing the EU offered specific advantages
I-9.4.6	Documents show and stakeholders consider provide examples of other types of VA
I-9.4.1	<b>SOUTH AFRICA</b>
	SPSP Economic Cluster (SBS) - South Africa
	Risk Capital Facility 2 (SBS) - South Africa
	Local economic development - Kwazulu Natal - South Africa
I-9.4.2	<b>SOUTH AFRICA</b>
	SPSP Economic Cluster (SBS) - South Africa
	Risk Capital Facility 2 (SBS) - South Africa
	Local economic development - Kwazulu Natal - South Africa
I-9.4.3	<b>SOUTH AFRICA</b>
	SPSP Economic Cluster (SBS) - South Africa
	Risk Capital Facility 2 (SBS) - South Africa
	Local economic development - Kwazulu Natal - South Africa
I-9.4.4	<b>SOUTH AFRICA</b>
	SPSP Economic Cluster (SBS) - South Africa
	Risk Capital Facility 2 (SBS) - South Africa
	Local economic development - Kwazulu Natal - South Africa
I-9.4.5	<b>SOUTH AFRICA</b>
	Stakeholder noted that the EC, contrary to many other bilateral donors, maintained a development cooperation perspective in SA, whilst others pulled out and moved towards a trade-cooperation focus.
	Stakeholders argued that EC interventions had potential added value in terms of grant-loan blending and investment facilities (e.g. NIF, LAIF) but unrealised in South Africa.
	<i>MN, 510-527</i>
	SPSP Economic Cluster (SBS) - South Africa
I-9.4.6	<b>SOUTH AFRICA</b>
	SPSP Economic Cluster (SBS) - South Africa
	Risk Capital Facility 2 (SBS) - South Africa
	Local economic development - Kwazulu Natal - South Africa



<b>EQ 10</b>	<b>To what extent were the Commission's organisational set-up and management practices fit to a successful implementation of its PSD support?</b>
<b>Other relevant information (not captured elsewhere)</b>	
<b>JC 10.1</b>	<b><i>The devolution facilitated the implementation of the Commission PSD support</i></b>
<b>Findings at JC level</b>	
<b>I-10.1.1</b>	Stakeholders provide evidence that the devolution to delegations contributed to facilitating to the implementation of PSD support (e.g. better knowledge of local needs/priorities, better interaction with local stakeholders, notably of the private sector, etc.)
<b>I-10.1.2</b>	Stakeholders do not consider that there were major drawbacks of the devolution to delegations in terms of PSD support (e.g. less direct linkages with the European private sector, less coherence in the approach, etc.)
<b>I-10.1.3</b>	Stakeholders, such as major private sector operators in countries, are of the view that the EU Delegations make efforts to understand the private sector fabric and its constraints
<b>I-10.1.1</b>	<b>SOUTH AFRICA</b>
	SPSP Economic Cluster (SBS) - South Africa
	Risk Capital Facility 2 (SBS) - South Africa
	Local economic development - Kwazulu Natal - South Africa
<b>I-10.1.2</b>	<b>SOUTH AFRICA</b>
	SPSP Economic Cluster (SBS) - South Africa
	Risk Capital Facility 2 (SBS) - South Africa
	Local economic development - Kwazulu Natal - South Africa
<b>I-10.1.3</b>	<b>SOUTH AFRICA</b>
	SPSP Economic Cluster (SBS) - South Africa
	Risk Capital Facility 2 (SBS) - South Africa
	Local economic development - Kwazulu Natal - South Africa
<b>JC 10.2</b>	<b><i>The division of responsibilities between different DGs did not hamper an optimal implementation of the Commission's PSD support in the different countries'/regions concerned</i></b>
<b>Findings at JC level</b>	
<b>I-10.2.1</b>	The Commission had formal mechanisms to ensure collaboration between its different DGs involved with PSD related matters, including in terms of transfer of

	knowledge on PSD support within and outside the EU
I-10.2.2	Stakeholders consider that Commission support in third countries has benefited from general PSD knowledge and networks present within the Commission
I-10.2.1	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
I-10.2.2	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>JC 10.3</b>	<i>The Commissions' HR policy was conducive to an optimal design and implementation of its PSD support</i>
<b>Findings at JC level</b>	
I-10.3.1	Existence of a specific HR policy for the management of Commission support to PSD in third countries
I-10.3.2	Existence of sufficient dedicated staff specialised in PSD matters both at HQ and Delegation level
I-10.3.3	Existence of specialised PSD trainings for staff in charge of PSD matters
I-10.3.4	Staff in charge of the Commission's PSD support is conversant with PSD constraints, and are well aware of the strategy and guidance documents, as well as of specific tools developed by the Commission for implementation
I-10.3.5	Stakeholders consider that Commission HR policy was a strength/weakness of PSD support
I-10.3.1	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
I-10.3.2	<b>SOUTH AFRICA</b>
	EC staff reported that there were no PSD-specific constraints present at the EUD, and beneficiaries also noted that EUD staff are generally well informed about their needs. But EC staff also noted that they sometimes do not know who to contact at HQ for PSD-related questions. <i>Source: MN 510-527</i>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>

I-10.3.3	<b>SOUTH AFRICA</b>
	SPSP Economic Cluster (SBS) - South Africa
	Risk Capital Facility 2 (SBS) - South Africa
	Local economic development - Kwazulu Natal - South Africa
I-10.3.4	<b>SOUTH AFRICA</b>
	SPSP Economic Cluster (SBS) - South Africa
	Risk Capital Facility 2 (SBS) - South Africa
	Local economic development - Kwazulu Natal - South Africa
I-10.3.5	<b>SOUTH AFRICA</b>
	SPSP Economic Cluster (SBS) - South Africa
	Risk Capital Facility 2 (SBS) - South Africa
	Local economic development - Kwazulu Natal - South Africa
<b>JC 10.4</b>	<i>The Commission developed and used specific tools and guidance to facilitate the design and implementation of its PSD support</i>
<b>Findings at JC level</b>	
<b>I-10.4.1</b>	Description of available tools and guidance for the Commission support to PSD
<b>I-10.4.2</b>	Knowledge and use of these tools and guidance by Commission staff in charge of support to PSD
<b>I-10.4.3</b>	Commission staff expressed the view that these tools and guidance were useful
I-10.4.1	<b>SOUTH AFRICA</b>
	SPSP Economic Cluster (SBS) - South Africa
	Risk Capital Facility 2 (SBS) - South Africa
	Local economic development - Kwazulu Natal - South Africa
I-10.4.2	<b>SOUTH AFRICA</b>
	EC staff had only limited awareness of the EC PSD Guidelines. <i>Source: MN 510, 517</i>
	SPSP Economic Cluster (SBS) - South Africa
	Risk Capital Facility 2 (SBS) - South Africa
I-10.4.3	<b>SOUTH AFRICA</b>
	SPSP Economic Cluster (SBS) - South Africa
	Risk Capital Facility 2 (SBS) - South Africa
	Local economic development - Kwazulu Natal - South Africa

<b>JC 10.5</b>	<b><i>The Commission monitored/evaluated its support to PSD and used and disseminated the results</i></b>
<b>Findings at JC level</b>	
<b>I-10.5.1</b>	The Commission developed specific systems and sets of indicators to monitor and evaluate its support to PSD both at HQ and country level
<b>I-10.5.2</b>	The above mentioned monitor/evaluation systems were operational
<b>I-10.5.3</b>	The results of the monitoring and evaluations were disseminated and used to redirect strategies and programming
<b>I-10.5.4</b>	Stakeholders consider that monitoring and evaluation systems were useful to improve design and implementation of the PSD support
<b>I-10.5.1</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa:</b> evaluation and audit systems were established in line with the South African requirements: <i>“Audits will follow the South African PFM requirements and will be undertaken by the Office of the Auditor General in South Africa. Mid-term reviews, evaluations and audits will be funded through the sector policy support programme.”</i> <i>Source: EC, Employment Creation; Sector Policy Support to the Economic Cluster Programme of Action, Action Fiche (2009) p.6</i>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-10.5.2</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-10.5.3</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>I-10.5.4</b>	<b>SOUTH AFRICA</b>
	<b>SPSP Economic Cluster (SBS) - South Africa</b>
	<b>Risk Capital Facility 2 (SBS) - South Africa</b>
	<b>Local economic development - Kwazulu Natal - South Africa</b>
<b>JC 10.6</b>	<b><i>The Commission developed and used specific mechanisms to ensure capitalisation and sharing of its knowledge with respect to PSD</i></b>
<b>Findings at JC level</b>	
<b>I-10.6.1</b>	Description of existing mechanisms (networks, working groups, etc.) to ensure capitalisation of Commission knowledge on PSD both among Commission staff

	concerned with implementation of PSD support inside and outside the EU
<b>I-10.6.2</b>	Knowledge and involvement of staff concerned with PSD support in third countries with these mechanisms
<b>I-10.6.3</b>	Stakeholders expressed the view that these mechanisms are useful, with specific results generated and possible drawbacks
<b>I-10.6.1</b>	<p><b>SOUTH AFRICA</b></p> <p>EC staff argued that there were insufficient specific mechanisms established to ensure EUDs benefit directly, easily and systematically from HQ expertise on PSD.</p> <p>Suggestion was made for a PSD focal point akin to the microfinance focal point, which is noted and appreciated by the EUD. Tools provided by the focal point could include: guidelines dissemination, workshops, details of PSD activities and best practices in other EU Delegations and by other donors.</p> <p><i>Source: MN 510, 517</i></p> <p><b>SPSP Economic Cluster (SBS) - South Africa:</b> the following communication and <i>visibility activities were planned:</i></p> <p><i>“During the programme it is proposed that a formal annual review of performance, progress and plans in relation to employment creation be introduced. This will ensure high level discussions between the donors and Government; a media event will also be organised around these annual reviews. Communication and visibility activities will be funded through the sector budget support. The EC Delegation works closely with the Economic Cluster Secretariat on communications to ensure high visibility before and during implementation period of the programme (e.g: launch, mid-term evaluation, closure). The new ODA Programme with National Treasury will also provide a window to promote visibility.”</i></p> <p><i>Source: EC, Employment Creation; Sector Policy Support to the Economic Cluster Programme of Action, Action Fiche (2009) p.6</i></p> <p><b>Risk Capital Facility 2 (SBS) - South Africa</b></p> <p><b>Local economic development - Kwazulu Natal - South Africa</b></p>
<b>I-10.6.2</b>	<p><b>SOUTH AFRICA</b></p> <p><b>SPSP Economic Cluster (SBS) - South Africa</b></p> <p><b>Risk Capital Facility 2 (SBS) - South Africa</b></p> <p><b>Local economic development - Kwazulu Natal - South Africa</b></p>
<b>I-10.6.3</b>	<p><b>SOUTH AFRICA</b></p> <p><b>SPSP Economic Cluster (SBS) - South Africa</b></p> <p><b>Risk Capital Facility 2 (SBS) - South Africa</b></p> <p><b>Local economic development - Kwazulu Natal - South Africa</b></p>



## No. 22: NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia

EBRD-04 Framework for Capacity Building to support Financial Intermediaries in Azerbaijan and Georgia (contract n°211504)	
<b>Intervention Type</b>	General Budget Support
	Sector Budget Support
	✓ Technical Assistance (payments by the EC to the EBRD essentially for fees and per diem allowances)
<b>Start date &amp; End date</b>	<ul style="list-style-type: none"> <li>▪ <i>Start Date:</i> July 2009</li> <li>▪ <i>End Date:</i> 2012</li> </ul>
<b>Budget: committed, contracted, disbursed</b>	<ul style="list-style-type: none"> <li>▪ <i>Committed:</i> €3.3m</li> <li>▪ <i>Contracted:</i> €3.3m</li> <li>▪ <i>Disbursed:</i> €1.3m (based on the evaluation's inventory)</li> </ul>
<b>Beneficiary</b>	<ul style="list-style-type: none"> <li>▪ <i>Direct Beneficiary:</i> the direct beneficiaries of the Facility were the Financial Intermediaries (FIs) in the Partner countries.</li> <li>▪ <i>End beneficiaries:</i> the private sector and in particular SMEs for categories of operations dedicated to the private sector development.</li> </ul>
<b>Country/Region</b>	Azerbaijan and Georgia
<b>Intervention Description</b>	<p>On 16<sup>th</sup> of June 2009 the European Community (EC) and the European Bank for Reconstruction and Development (EBRD) signed an agreement for the EC to finance, through the EBRD, technical assistance through NIF resources to support its clients, Financial Intermediaries (FIs) in Azerbaijan and Georgia.</p> <p>The purpose of this Agreement was a contribution by the EC, through the Neighbourhood Investment Facility, for the implementation of the action entitled: 'Framework for Capacity Building to support Financial Intermediaries in Azerbaijan and Georgia'.</p> <p>The contribution was to finance technical assistance in support to investments that the EBRD is currently developing in the Neighbourhood Investment Facility region under the framework: "Technical Assistance Support - Financial Institutions Framework" in Azerbaijan and Georgia, approved by the Board of the Neighbourhood Investment Facility (NIF) on 5 November 2008.</p> <p>There is an indicative list of Financial Intermediaries in Azerbaijan and Georgia (6 beneficiaries, 6 Technical Assistance (TC) activities) expected to benefit from the NIF Technical Assistance contribution.</p>
<b>Intervention Background &amp; History</b>	<p>The Neighbourhood Investment Facility (NIF) is a facility created for the implementation of the new financing options offered by the European Neighbourhood Policy Instrument (the "ENPI"). It is intended to provide EU grant support for lending operations led by European multilateral development finance institutions and also bilateral development finance institutions of the Member States. The NIF approves grants for investment co-financing, loan guarantee cost financing, interest rate subsidies, risk capital operations and technical assistance packages. The objective is to associate European Union grants with consortia of European Finance Institutions in order to finance large investment projects in the ENPI region.</p> <p>The lending operations supported through the NIF resources are focused on the priorities stemming from the European Neighbourhood Action Plan and cover the following sectors: energy, environment and transport. Support can also be provided to the private</p>

	sector and to the social sector.
<b>Overall objectives</b>	<ul style="list-style-type: none"> <li>▪ Improving efficiency, effectiveness and transparency of the financial sector, resulting in the provision of better access to financing for enterprises, particularly MSMEs;</li> <li>▪ Creating successful and healthy institutions that finance the real economy, operate on market principles and follow sound business practices, thus supporting sustainable financial intermediaries.</li> </ul>
<b>Specific objectives</b>	<p>1) Azerbaijan: MuganBank- Assistance with Institution Building Programme (IBP); The aim of this TC activity is to develop the bank's operations and growth of the working assets. The TC will provide support to a dynamic and well-managed private bank on its way towards expansion of its regional outreach and diversification of the client base in MSME and retail segments. In addition, the TC activity will support the wider application of the internationally acceptable banking practices in Azerbaijan, promote competition and have a demonstration effect.</p> <p>2) Azerbaijan: Rabita Bank - Assistance with Internal Audit, Risk Management and development of SME financing functions; The aim of this TC activity is to increase of the capabilities of Rabita Bank, particularly in risk management, internal audit and product development to better position the bank in MSME market.</p> <p>3) Azerbaijan: Various FIs within EBRD's Financial Sector Framework - Assistance to banks/IBPs / Risk Management; The objective of this TC activity is to continue implementation of the appropriate lending methodology that will allow the PBs to substantially increase their SME lending activities in a sustainable manner. Improved lending procedures suited to SME borrowers and based on rigorous but efficient credit analysis tailored to borrowers of this size.</p> <p>4 and 5) Georgia: (2 x Banks to be confirmed) - Assistance with IBP ; This TC activity will support the bank's business diversification strategy (both in terms of customer base and in terms of regions) and help to enhance its competitive position in the market. Additionally, it is intended to further improve the bank's corporate governance and business conduct.</p> <p>6) Azerbaijan (Bank to be confirmed) - Assistance with IBP ; This TC activity will support the bank's business diversification strategy (both in terms of customer base and in terms of regions) and help to enhance its competitive position in the market. Additionally, it is intended to further improve the bank's corporate governance and business conduct.</p>
<b>Expected results</b>	<p>1) Azerbaijan: MuganBank- Assistance with Institution Building Programme (IBP); Corporate governance, business development, operations, risk management and internal systems will be strengthened</p> <p>2) Azerbaijan: Rabita Bank - Assistance with Internal Audit, Risk Management and development of SME financing functions; Financial intermediation skills will be deepened, effectiveness and efficiency of corporate structures and corporate governance will be increased and MSME access to finance will be broadened.</p> <p>3) Azerbaijan: Various FIs within EBRD's Financial Sector Framework - Assistance to banks IBPs / Risk Management; The Azeri financial sector will be developed and strengthened to establish and expand the capability of local banks to efficiently provide MSEs with access to finance on a stable and</p>



	<p>sustainable basis, with a primary focus on improving the risk management (including the liquidity management and credit risk management) and corporate governance of the partner banks.</p> <p>4 and 5) Georgia: (2 x Banks to be confirmed) - Assistance with IBP                  Banks willing to change were supported; their potential to develop their regional outreach and provide high quality services to MSMEs and retail customers is increased.                  In addition, the internationally acceptable banking practices in Georgia will be supported, competition promoted with a demonstration effect in the banking system.</p> <p>6) Azerbaijan (Bank to be confirmed) - Assistance with IBP ;                  The bank willing to change was supported; its potential to develop its regional outreach and provide high quality services to MSMEs and retail customers is increased.                  In addition, the internationally acceptable banking practices in Azerbaijan will be supported, competition promoted with a demonstration effect in the banking system.</p>
<b>Main Activities</b>	<p>Various consultants engaged within the framework were to provide assistance to financial intermediaries focusing on specific projects and clients. Here below are the examples of specific tasks which to be carried out:</p> <ul style="list-style-type: none"> <li>- Assistance with institution building programmes (IBP)</li> <li>- Credit advisory services</li> <li>- Trade finance advisory services</li> <li>- Development of management skills</li> <li>- Assistance with launch of new financial products</li> <li>- IT assessment, development and implementation</li> </ul>

## No. 23: SME support services in priority regions - Ukraine

<b>SME Support in Priority Regions – Ukraine (contract n°120314)</b>	
<b>Intervention Type</b>	General Budget Support
	Sector Budget Support
	✓ Project-approach
<b>Start date &amp; End date</b>	<ul style="list-style-type: none"> <li>▪ <i>Start Date:</i> 2006</li> <li>▪ <i>End Date:</i> 2008</li> </ul>
<b>Budget: committed, contracted, disbursed</b>	<ul style="list-style-type: none"> <li>▪ <i>Committed:</i> € 3.5m</li> <li>▪ <i>Contracted:</i> € 2.7m</li> <li>▪ <i>Disbursed:</i> € 2.7m</li> </ul>
<b>Beneficiary</b>	<ul style="list-style-type: none"> <li>▪ <i>Direct Beneficiary:</i> civil servants, local business association leaders, local consultancies, credit associations and bankers.</li> <li>▪ <i>End beneficiaries :</i> the SME sector in the targeted oblasts.</li> </ul>
<b>Country/Region</b>	Ukraine national level and in three target regions (Rivne, Zhytomyr and Chernihiv)
<b>Intervention Description</b>	The project is to support SME sector in Ukraine under the National Action Programme 2003 at the national level and in three target regions (Rivne, Zhytomyr and Chernihiv). The Project Partner is the State Committee of Ukraine for Regulatory Policy and Entrepreneurship (SCURPE).
<b>Intervention Background &amp; History</b>	<p>There was a need to promote the use of the accumulated experience and resources of existing profitable enterprises to develop new markets, introduce innovation in all its forms and make the organizational changes that are necessary in responding to the challenges of the modern economy.</p> <p>As the European Union holds good business support services, the aim has been to help bring the general level of assistance up to that of existing best. It is believed that increasingly making use of best practices exchange is a flexible policy instrument to improve the general performance of various aspects of the Ukrainian economy.</p>
<b>Overall objectives</b>	To support the development of a policy environment conducive for SME growth in Ukraine, to stimulate the SME consultancy market and to introduce innovative SME support tools while strengthening existing facilities.
<b>Specific objectives</b>	<ol style="list-style-type: none"> <li>1. To provide capacity-building support to SCURPE</li> <li>2. To provide capacity-building support to BDS Service Facilitators</li> <li>3. To provide capacity-building support to BDS Service Providers</li> </ol>
<b>Expected results</b>	<ol style="list-style-type: none"> <li>1. General political and administrative culture supportive of SMEs in priority Regions stimulated through, amongst others, the enhancement of the civil servant's understanding of the benefits (taxation, employment,...) generated by supporting the SME sector</li> <li>2. Methodological basis for regulatory policy researches and actions enhanced</li> <li>3. SCURPE's and regional state administrations' support the SME sector enhanced</li> <li>4. Range of BDS support services available to the SME sector expanded</li> <li>5. Awareness of availability of BDS support services and SME development tools and approaches within the SME sector at governmental and private sector level increased</li> <li>6. Professionalism of organisations involved in the promotion and delivery of BDS support services and SME development tools and approaches increased</li> <li>7. Understanding of SME credit mechanisms enhanced and access to SME credit facilities promoted and facilitated</li> <li>8. Activities and results of project communicated and disseminated through Project Web Site, media roundtables, project leaflet, guidelines, concept papers, press events, 100,000-</li> </ol>

	CDRoms.
<b>Main Activities</b>	<p><b>Project Component 1: Support to SCURPE</b></p> <ol style="list-style-type: none"> <li>1.1. Analyse current situation and constraints</li> <li>1.2. Introduce 1 Balance Score Card (BSC) management tool</li> <li>1.3. Introduce 1 Balance Score Card Digital (BSC Digital) M&amp;E tool</li> <li>1.4. Develop/improve 1 Regulatory Impact Assessment/Monitoring methodology. Conduct trainings. Disseminate RIA methodology.</li> <li>1.5. Promote administrative culture supportive of SME through roundtables in Oblasts.</li> <li>1.6. Develop 1 concept for direct SME support approach.</li> <li>1.7. Develop and disseminate 1 Best Practice Paper including effective models for running business clusters.</li> <li>1.8. Assist SCURPE in developing SME benchmarking.</li> <li>1.9. Deliver regional/national training events/business forums for stakeholders.</li> <li>1.10. Deliver language training.</li> <li>1.11. Deliver national investment seminars.</li> <li>1.12. Carry out permanent Project Communication/Dissemination activities through Web Site and brochures, guidelines, concept papers, press events, CD-Roms,...</li> </ol> <p><b>Project Component 2: Support to SME Support Service Facilitators</b></p> <ol style="list-style-type: none"> <li>2.1. Create 1 Virtual BDS Market and 1 Business/investment Opportunities Database.</li> <li>2.2. Enhance 1 consultants' Code of Ethics.</li> <li>2.3. Draft 1 Business Consultancy Handbook.</li> <li>2.4. Develop EICC portfolio list of services and information gathering, processing and networking capacity.</li> <li>2.5. Create 1 business Community FAQ entry point to SCURPE</li> <li>2.6. Promote outsourcers and suppliers links within cluster environment</li> <li>2.7. Identify SME credit facilities.</li> </ol> <p><b>Project Component 3: Support to SME Support Service Providers</b></p> <ol style="list-style-type: none"> <li>3.1. Implement 2 Training of Trainers (ToT)</li> <li>3.2. Develop 1 Market Research/Business Intelligence Gathering Handbook</li> <li>3.3. Develop and deliver 1 General Management Development Training Course Programme</li> <li>3.4. Develop 1 recommendations-led Directory of adult business training institutions.</li> </ol>

## No. 24: EBRD Ukraine Micro Lending Programme - Ukraine

EU Contribution to EBRD Ukraine Micro Lending Programme Regional Expansion 2008-2009 (contract n° 140706)	
<b>Intervention Type</b>	General Budget Support
	Sector Budget Support
	✓ Project-approach
<b>Start date &amp; End date</b>	<ul style="list-style-type: none"> <li>▪ <i>Start Date:</i> 2008</li> <li>▪ <i>End Date:</i> 2009</li> </ul>
<b>Budget: committed, contracted, disbursed</b>	<ul style="list-style-type: none"> <li>▪ <i>Committed:</i> €1.5m</li> <li>▪ <i>Contracted:</i> €1.4m</li> <li>▪ <i>Disbursed:</i> €1.4m</li> </ul>
<b>Beneficiary</b>	<ul style="list-style-type: none"> <li>▪ <i>Direct Beneficiary:</i> formal banking intermediaries <i>via</i> the European Bank for Reconstruction and Development (EBRD)</li> <li>▪ <i>End beneficiaries:</i> Micro and small enterprises (MSEs) through formal banking intermediaries</li> </ul>
<b>Country/Region</b>	Ukraine
<b>Intervention Description</b>	<p>This Action aimed to support the EBRD's Ukraine Micro Lending Programme ("UMLP"), which consisted of an investment/lending programme (the "Investment Programme") and a technical cooperation programme (the "TC Programme") dedicated to providing finance to micro and small enterprises (MSEs) through formal banking intermediaries. The Investment Programme included dedicated resources under the EBRD Ukraine SME II Credit line and the USD 100 million Ukraine Micro Lending Programme II Component of the EBRD MSE/SME Lending Framework approved on 1 December 2005.</p> <p>The Action was to support the "TC Programme" by funding ongoing technical cooperation to continue to assist establishing and building up micro business lending departments in financial intermediaries ("Partner Banks" or "PBs") and to advise on credit decisions for sub-loans offered by PBs under the UMLP. A consulting firm or firms, to be retained by EBRD in accordance with its Procurement Policies and Rules, was to provide the assistance to PBs. The Consultants were also to work with the EBRD to identify possible suitable partner institutions with potential for becoming sound micro and small business lenders or already recognised MSEs as a target group.</p>
<b>Intervention Background &amp; History</b>	The intervention was an EC contribution to an long-term and well established EBRD programme (EBRD's Ukraine Micro Lending Programme – UMLP).
<b>Overall objectives</b>	Increased competition and, ultimately, better services for the MSEs
<b>Specific objectives</b>	<p>The main objectives of the Action were as follows:</p> <ul style="list-style-type: none"> <li>▪ design and implement a micro and small lending scheme with new PBs and branches of existing PBs which EBRD has identified;</li> <li>▪ design and implement tailored approaches for MSE lending, e.g. MSE financespecific credit scoring, new MSE finance products, training of trainers, advanced data collection/MIS;</li> <li>▪ institution building and staff training within the PBs/their branches in chosen regions in the development of its blanch network;</li> <li>▪ provision of advice in respect of sub-loan decisions, portfolio monitoring and loan</li> </ul>

	<p>recoveries; and</p> <ul style="list-style-type: none"> <li>▪ regular and detailed reporting on the progress of the UMLP, particularly the TC Programme, including the financial health of the PBs (to the extent discernable) and on macroeconomic factors affecting the UMLP and other items of interest</li> </ul>
<b>Expected results</b>	<p>At the end of the Action, the following results were to be achieved:</p> <ul style="list-style-type: none"> <li>▪ In aggregate, since the start of the implementation period, PBs receiving assistance under the TC Programme will have established new MSE lending departments or groups in at least 20-30 new locations throughout the Ukraine. Those existing MSE lending departments or groups in existing locations as at the start of the implementation period should be able to continue MSE lending activities independently or with minimal monitoring.</li> <li>▪ In each branch covered under the Action, three to five loan officers have been trained to perform credit analysis and the presentation of applications to local credit committees of Partner Banks without further assistance by the Consultants 200 loan officers will have been trained by the Consultants overall</li> <li>▪ The local credit committees and the management of PBs are enabled to make strategic and lending decisions on the basis of the lending technologies provided under the Action resulting in an expanding MSE portfolio of high quality</li> <li>▪ Meeting the ad-hoc targets which may be mutually agreed on with the partner banks and which may include delivering MSE specific credit scoring, introduction of specialist urban and rural ending products, training of trainers, advance data collection and MIS enhancement</li> <li>▪ The share of MSE portfolio at risk (loans in arrears for more than 30 days) was to be less than 3 %.</li> </ul>
<b>Main Activities</b>	<ul style="list-style-type: none"> <li>▪ Implementation of a Micro and Small Enterprise (MSE) lending scheme</li> <li>▪ Tailored approaches for MSE lending</li> <li>▪ Representing the EBRD's credit interest with respect to the Local Loans.</li> <li>▪ Assistance to facilitate the flow of funds to the PBs at EBRD's request</li> </ul>

## Data Collection Grid – ENPI East Region - Ukraine

<b>EQ 1</b>	<b>To what extent did the Commission's PSD strategy and programming take into account the recommendations of the 2005 evaluation and the evolution of the overall private sector environment?</b>
<b>JC 1.1</b>	<i>The Commission undertook efforts to make sure that the recommendations of the 2005 Evaluation were taken into account</i>
<b>Findings at JC level</b>	No Ukraine-specific information. The Evaluation was not known at the EUD.
<b>I-1.1.1</b>	Existence of a plan or specific approach for the dissemination of the Recommendations to those responsible for programming and design of interventions
<b>I-1.1.2</b>	Evidence of dissemination of the recommendations to those responsible for programming and design of interventions
<b>I-1.1.3</b>	Commission staff were conversant with the 2005 Evaluation or with the recommendations made in this evaluation
<b>I-1.1.1</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions – Ukraine:</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-1.1.2</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-1.1.3</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>

<b>JC 1.2</b>	<b><i>Specific recommendations of the 2005 evaluation relating to the Commission's overall PSD Strategy have been taken into account</i></b>
<b>Findings at JC level</b>	With respect to the recommendations of the 2005 evaluation: Whilst they were not known at EUD level, the evolution in the assistance mirrored some of the recommendations notably in view of the shift towards a focus at the "macro" level (Legal approximation and institutional capacity building) in the second part of the period covered. We are not able however to attribute this shift to the taking into account of the 2005 PSD Evaluation.
<b>I-1.2.1</b>	Evidence of greater clarity at programming level regarding the role of the Commission in PSD (particularly including the link between PSD, economic growth, the development objectives and poverty reduction)
<b>I-1.2.2</b>	Evidence of a process taking place to create a common vision of the Commission's PSD between HQ and EUD levels
<b>I-1.2.3</b>	Commission programming has prioritised the areas of highest Commission comparative advantage as described by the 2005 evaluation recommendation RS-2
<b>I-1.2.1</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-1.2.2</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-1.2.3</b>	<b>ENPI East Region+ Ukraine</b> In the case of economic development the Commission has been most successful when addressing issues related to an enabling regulatory environment for business and investment. This assessment is also confirmed by an October 2005 Evaluation of EC support to Private Sector Development in Third Countries which concluded that "...the EC has a higher comparative advantage in macro- and institutional interventions and a lower one in interventions in financial markets". (Ukraine CSP2007-2013 – p11)
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>JC 1.3</b>	<b><i>The Commission is aware, through studies and exchanges with other sources of aid for PSD, of the evolution of the private sector environment</i></b>
<b>Findings at JC level</b>	In terms of taking into account the wider PS context: The expiry of the PCA launched the start of the AA. In terms of adaptation to the financial crisis of 2008: <ul style="list-style-type: none"> <li>• Initiatives were taken (e.g. Programme of EBRD)</li> </ul>

	<ul style="list-style-type: none"> <li>• Interlocutors met stated that this was done swiftly</li> </ul>
I-1.3.1	Existence of Commission documents evidencing awareness of the evolution of the private sector environment
I-1.3.2	Stakeholders report existence of dialogue with other sources of aid for PSD concerning the evolution of the private sector environment
I-1.3.3	Evidence exists that the private sector environment has been taken into account in the Commission's PSD strategies and programming at country/regional level
I-1.3.1	<p><b>ENPI East Region+ Ukraine</b></p> <p>The main challenge facing Ukraine over the medium term is, to sustain economic growth through structural reforms, particularly in the energy and agricultural sectors, to establish a legal framework conducive to investment, to join the WTO and to restructure the banking sector and the social security system, in a society where poverty and inequalities have dramatically increased. (Ukraine CSP2002-2006 – p1)</p> <p>Ukraine's trade with the EU and EU investments in Ukraine are still small compared with Ukraine's economic potential. Trade barriers for EU exports to Ukraine sometimes stem from a lack of understanding of PCA/WTO requirements, such as in the field of standards, technical regulations and conformity assessment procedures. In other areas, they come from an explicit desire to protect domestic producers, in spite of PCA commitments. (Ukraine CSP2002-2006 – p3)</p> <p>In Ukrainian economy, the share of primary industry has doubled since independence (hence an insufficiently diversified export base), while the country has difficulty in competing with developed countries in sophisticated industrial products because of quality problems. (Ukraine CSP2002-2006 – p3)</p> <p>The Ukrainian economy declined steadily after independence. A strict monetary policy significantly reduced the inflation. The year 2000 brought the first reversal of the negative growth trend. This positive change can be attributed both to a favourable external environment and to improved government policy. It is also assumed that it is caused by increase in production in traditional branches of heavy industry and return of capital, previously exported from Ukraine, due to improvements in the business climate. In the absence of external borrowing, external public debt declined. The continuation of this positive trend is, however, uncertain. Major obstacles to sustained growth are the incomplete structural transformation of the economy, including the weak banking system, and the still unpredictable investment climate, with often unclear laws and regulations and uneven and arbitrary enforcement. The economy still suffers from a lack of functioning market institutions and weak legal protection and there are many barriers to foreign traders and investors. In spite of some improvements since 2000, foreign direct investment in Ukraine remains low. Apart from formal restrictions related to land ownership, FDI is hampered by, e.g. interference by the authorities in enterprise operation and advantages given to state-controlled firms. Ukraine has started to address this problem by putting in place new legislation on competition and monopolies. Many responsibilities, in the past covered by the</p>



	<p>central government, were passed on to local authorities that lack the resources to take on these functions. (Ukraine CSP2002-2006 – p6-7)</p> <p>In 2005 import prices of energy increased while world market prices on Ukraine's steel exports tumbled. This, combined with sluggish investment in an uncertain policy environment led to a hard landing. Real GDP growth declined sharply. In 2006, however, the economic situation is improving but the investment climate remains unpredictable, with often unclear laws and regulations, and uneven and arbitrary enforcement. (Ukraine CSP2007-2013 – p7-8)</p> <p>Although private sector development remains a priority, Ukraine has lagged behind in its privatisation programme. Many companies put on sale were unattractive for investors and the sales mechanism has not always been transparent, creating oligarchic structures. Privatisation generally failed to stimulate comprehensive restructuring of formerly state-owned enterprises. Inter-enterprise arrears, barter, tax exemptions, and tax arrears are still frequent, indicating a lack of market discipline and little incentive to restructure. (Ukraine CSP2002-2006 – p8)</p> <p>Fear of economic and social consequences of deregulation, restructuring, or privatisation further inhibit the acceptance of liberal market models. (Ukraine CSP2002-2006 – p10)</p> <p>“Between 2000 and 2007 Ukraine enjoyed solid annual growth averaging more than 7% in real terms. But from the fourth quarter of 2008 it was severely hit by The world economic and financial crises which in 2009 led to a contraction of GDP by 15%.” (Country evaluation, p. I, executive summary).</p> <p><b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b></p> <p>The main element put forward concerning the private sector environment in the consulted documents is the 2008 economic crisis causing series of difficulties such as an increase in NPLs (non-performing loans).</p> <p><b>SME Support in Priority Regions – Ukraine</b></p> <p>The Inception report gives a detailed description of the state of Ukraine (economic, financial, trade) since its independence.</p> <p><b>EBRD Ukraine Micro Lending Programme</b></p> <p>In the last quarter of 2008 the Ukrainian banking sector was hit by the global financial crisis, which led to serious problems for the country's financial markets. Banks stopped providing loans to clients, clients withdrew their deposits, and arrears rates started to rise sharply. Moreover, the following driving factors have led to a decrease in overall lending activity since September 2008:</p> <ul style="list-style-type: none"> <li>▪ Ukraine's macroeconomic vulnerabilities.</li> <li>▪ Since October 2008, banks have been experiencing serious liquidity shortages.</li> <li>▪ Many banks were not able to service the foreign loans and bonds which had come due.</li> <li>▪ Since the start of the fourth quarter, the Ukrainian currency has severely depreciated.</li> <li>▪ Most of the Ukrainian banks are facing increasing capitalisation problems.</li> </ul> <p>(EBRD Micro Lending – Final Report, p1)</p>
<p><b>I-1.3.2</b></p>	<p><b>ENPI East Region+ Ukraine</b></p>

	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-1.3.3</b>	<p><b>ENPI East Region+ Ukraine</b></p> <p>Taking into account the objectives of the PCA implementation and recent EU policy developments (such as the progress in the enlargement process), the EC response strategy 2002-2006 can most effectively assist Ukraine by focusing on trade- and investment-related issues, using the full potential of the PCA, to be supported by Ukraine's approximation of legislation to EU standards, and public service reform. (Ukraine CSP2002-2006 – p2).</p> <p>Amongst the Commission's support to the financial sector, the 2008-2010 project "Strengthening of Ukrainian Financial Services Sector" aimed to develop a financial sector strategy and clarify institutional competences. The project was organised into three components:</p> <ul style="list-style-type: none"> <li>• Workpackage 1: Development of a national strategy for balanced and reliable financial services;</li> <li>• Workpackage 2: Development of new partition roles in financial services policy, regulation and supervision;</li> <li>• Workpackage 3: Implementation of priority measures in policy making, regulatory and supervisory bodies.</li> </ul> <p>The Final report (2010) highlights the changes in the environment which required adjustments to the programme: <i>"Much of the project period was characterised by the exceptional turmoil in world financial markets combined with internal political uncertainty. This was a difficult environment in which to make progress on agreement on financial sector strategy as project beneficiaries were heavily pre-occupied with dealing with immediate current problems arising from the financial crisis. As a consequence the Project was called upon to provide advice and information in respect to urgent issues of regulatory response to problem areas. This necessitated a change in the original workplan, the addition of other subjects for intervention, and consequentially the need for additional resources, which were provided by the First Addendum to the Contract, signed on 24 July 2009. The effect has been that the majority of project resources have been deployed in Workpackage 3 activities and less in Workpackage 1 and, until recently, Workpackage 2 activities than had been previously anticipated."</i></p> <p><b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b></p> <p>Adaptations of the intervention to the 2008 economic crisis have resulted in e.g. some de-commitments and (potential) new sub-actions to recycle the de-comitted funds.</p> <p>The intervention is also supposed to contribute to EBRD's national operational objectives, some of which relating to the improvement of the private sector environment. (source: Annual Report 27 July 2011, p9-10)</p> <p>For instance, EBRD's operational objectives in Azerbaijan are:</p> <ul style="list-style-type: none"> <li>▪ continue supporting the best performing local commercial banks in the form of senior, subordinated and syndicated debt products, and continue providing SME and MSME credit lines.</li> <li>▪ supporting institutional strengthening of local banks with the objective of</li> </ul>

	<p>developing strong and competitive market players capable of providing a wide range of banking products and services required by real sector borrowers. .</p> <ul style="list-style-type: none"> <li>▪ improve capacity and implement sound banking and good corporate governance practices in partner banks through tailored technical assistance.</li> <li>▪ provide targeted technical assistance and transfer of know-how under Medium Co financing Finance Facility (MCFF), in order to better serve medium-sized private entrepreneurs while building sound lending capacity within banks.</li> <li>▪ increase support to existing and new micro-finance institutions by providing credit lines and technical assistance.</li> </ul> <p>EBRD's operational objectives in Georgia are:</p> <ul style="list-style-type: none"> <li>▪ Proactive monitoring and management of the existing portfolio of investments focusing on and providing support to partner banks in the areas of problem loan management, re-engineering of funding models in favor of domestic deposit taking and increasing local currency lending;</li> <li>▪ Equity participations in banks whose fundamentals have proved strong enough to weather the current crisis;</li> <li>▪ In an environment where many banks have lost the appetite for lending to the real economy, and particularly to MSMEs offer targeted long-term credit lines to banks demonstrating a commitment to reengage in this market;</li> <li>▪ In the context of dollarisation and general concern over FX risks, strive to offer competitively priced local currency funding in order to match demand from end clients and reduce partner banks' currency mismatches;</li> <li>▪ Build on the experience with the MCFF and provide targeted Technical Assistance to address shortfalls identified to promote sound and viable private sector medium-sized projects, and enhance services provided by the local banks in this market segment</li> <li>▪ Examine the possibility of the introduction of a specialised agricultural finance programme for local banks, incorporating funding and technical assistance.</li> </ul> <p><b>SME Support in Priority Regions – Ukraine</b></p> <p>The Inception report indicates that <i>“Below a small overview of the SME sector in the three priority Regions is provided. This overview is based on the statistical data collected during the inception phase by the project complemented by data provided by SCURPE.”</i> And <i>“While analysing the development of small businesses’ numbers in the three regions, it becomes obvious that the small business legal form of “sole proprietor” is growing the fastest. This is most certainly due to the introduction of the lump sum tax for small businesses having not more than 10 employees in 1999 ».</i></p> <p><b>EBRD Ukraine Micro Lending Programme</b></p> <p>In the last quarter of 2008 the Ukrainian banking sector was hit by the global financial crisis, which led to serious problems for the country's financial markets. Banks stopped providing loans to clients, clients withdrew their deposits, and arrears rates started to rise sharply. Moreover, the several driving factors have led to a decrease in overall lending activity since September 2008.</p> <p>The consultant (note : the EC support in this scheme is for paying the consultant providing technical assistance to Partner Banks), in close co-operation with the EBRD, proactively addressed the challenges resulting from the financial crisis,</p>
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	<p>which is having a severe impact on the Ukrainian economy as whole and the Ukrainian banking sector in particular. Since September 2008 the UMLP has actively helped the existing partner institutions to switch into "crisis mode".</p> <p>To address these enormous challenges for all of the UMLP partner banks, the consultant's work additionally focused on supporting them in the areas of loan portfolio quality and arrears management. (EBRDMicroLending – Final Report, p1-2)</p>
<b>JC 1.4</b>	<b><i>Policy documents and surveys relating to PSD and the quality of aid have been taken into account by the Commission</i></b>
<b>Findings at JC level</b>	Little information.
<b>I-1.4.1</b>	Documents show that new policy recommendations have been taken into account
<b>I-1.4.2</b>	Stakeholders report existence of internal dialogue or other process(es) that take into account new policy recommendations regarding quality of PSD aid
<b>I-1.4.1</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b> « The lending operations supported through the NIF resources are focused on the priorities stemming from the European Neighbourhood Action Plan and cover the following sectors: energy, environment and transport. Support can also be provided to the private sector and to the social sector. » (Contribution Agreement, annex I, p2)
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-1.4.2</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>

<b>EQ 2</b>	<b>To what extent was Commission support to PSD in partner countries part of a strategic approach geared to the overall objectives of EU External Policy, while aligning with the priorities of the country/region and maximizing its VA, including in terms of synergies with other actors and other types of Commission support?</b>
<b>Other relevant information (not captured elsewhere)</b>	<p><i>“The EC cooperation with Ukraine is framed by a Partnership and Cooperation Agreement (PCA) which entered into force in 1998, and the EU-Ukraine Action Plan adopted in 2005. The PCA established an institutional framework for EU-Ukraine policy dialogue. The Association Agreement currently under negotiation, together with a Deep and Comprehensive Free Trade Area, will significantly deepen Ukraine’s political association and economic integration with the EU.” “From 1 January 2002 to 30 September 2009 the EC committed €832.8 million to its cooperation with Ukraine. Four sectors together accounted for more than 85% of commitments. Support to the energy sector accounted for 47.6% of total commitments. Excluding contributions to the Chernobyl Shelter Fund and the Fuel Gap assistance, the energy sector remains the main beneficiary of the Commission’s support with total commitments of €266.7 million (32.0% of the total) during the period. The three other major sectors were legal, administrative and institutional reforms (14.5%); border management and migration (12.7%); and economic development (12.6%). The largest impacts were achieved by those EC cooperation activities aimed at stimulating economic growth and trade. Progress in the approximation of the legal framework governing economic activity to that of the EU and the development and implementation of an effective competition policy have had a positive contribution to the economic recovery enjoyed by Ukraine between 2000 and 2008; accession of Ukraine to WTO, progress in the harmonisation of standards and SPS regulations;” (executive summary, p. ii)</i></p>
<b>JC 2.1</b>	<b>Commission geared PSD support towards overall EU external policy objectives</b>
<b>Findings at JC level</b>	Clear strategic framework: PCA (trade liberalisation & cooperation in other areas) and from 2007, the AA and DCFTA negotiations: have guided all cooperation assistance, where trade is key, not PSD, which is however transversal to many chapters.
<b>I-2.1.1</b>	Relation between overall EU external policy objectives and Commission PSD support is explicitly identified in Commission policy documentation
<b>I-2.1.2</b>	Programming documentation explicitly relates PSD interventions to overall EU external policy objectives
<b>I-2.1.3</b>	Stakeholders consider that Commission PSD support has contributed to the achievement of overall EU external policy objectives
<b>I-2.1.1</b>	<p><b>ENPI East Region+ Ukraine</b></p> <p>Clear strategic framework: PCA (trade liberalisation &amp; cooperation in other areas) and from 2007, the AA and DCFTA negotiations: have guided all cooperation assistance, where trade is key, not PSD, which is however transversal to many chapters</p> <p>The CSP follows the guidelines set out in the Framework for Country Strategy Papers, and takes its basis from the Regulation for the provision of assistance to the partner countries in Eastern Europe and Central Asia (Council Regulation (EC, Euratom) No 99/2000 of 29 December 1999). (Ukraine CSP2002-2006 – p1)</p> <p>Areas of co-operation defined in the Regulation No 99/2000 are : (i) support for institutional, legal and administrative reform; (ii) support to the private sector and</p>

	<p>assistance for economic development; and (iii) support in addressing the social consequences of transition. The following priorities have therefore been identified under the National Indicative Programme 2002-2003 to cover the « support to the private sector and assistance for economic development »: (1) business, trade and investment promotion and (2) fuel gap. (Ukraine CSP2002-2006 – p2)</p> <p>EU/EC relations with Ukraine are based on the Partnership and Co-operation Agreement (PCA), providing for trade liberalisation and wide ranging co-operation, as well as on the Common Strategy, under the Common Foreign and Security Policy. (Ukraine CSP2002-2006 – p1)</p> <p>The PCA is an important instrument in harmonising Ukraine's legal framework with the single European market and the World Trade Organisation (WTO) system. It includes a reference to the possibility of a future free trade area. The European Union Common Strategy on Ukraine, adopted in 1999 as a new instrument under the Common Foreign and Security Policy, aims to develop a strategic partnership between the EU and Ukraine on the basis of the PCA. Its strategy sets three principal objectives : (i) democratic and economic transition, (ii) stability and security in Europe, (iii) support for Ukraine's integration into the European and world economy, cooperation in Justice and Home Affairs. (Ukraine CSP2002-2006 – p2-3)</p> <p>The main challenge facing Ukraine over the medium term is, to sustain economic growth through structural reforms, particularly in the energy and agricultural sectors, to establish a legal framework conducive to investment, to join the WTO and to restructure the banking sector and the social security system, in a society where poverty and inequalities have dramatically increased. (Ukraine CSP2002-2006 – p1)</p> <p>Taking into account the objectives of the PCA implementation and recent EU policy developments (such as the progress in the enlargement process), the EC response strategy 2002-2006 can most effectively assist Ukraine by focusing on trade- and investment-related issues, using the full potential of the PCA, to be supported by Ukraine's approximation of legislation to EU standards, and public service reform. (Ukraine CSP2002-2006 – p2)</p> <p>In the Partnership and Cooperation Agreement (PCA) of 1 April 1998 the EU and Ukraine committed themselves to establishing a partnership which provides for close political and mutually beneficial trade and investment relations together with economic, social, financial, civil scientific, technological and cultural cooperation. The partnership is intended, in particular, to promote Ukraine's transition to a fully fledged democracy and market economy. (Ukraine CSP2007-2013 – p3)</p> <p>The objective of the ENP, launched in the context of the 2004 enlargement round, is to share the EU's stability, security and prosperity with neighbouring countries, including Ukraine, in a way that is distinct from EU membership. (Ukraine CSP2007-2013 – p3)</p> <p>Assistance provided under the national ENPI envelope for Ukraine will focus on three priority areas which have been selected on the basis of joint EU-Ukraine policy objectives and the EC's comparative advantage as a donor based on lessons learnt from previous assistance and complementarity with other donors. (Ukraine CSP2007-2013 – p17)</p>
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	<p>Priority area 2 (<i>Support for Regulatory Reform and Administrative Capacity Building</i>) and its sub-priority on Promoting mutual trade, improving the investment climate and strengthening social reform have the closest link to PSD. But there is no explicit provision for PSD support in the CSP2007-2013 (JFM)</p>
	<p><b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b></p>
	<p><b>SME Support in Priority Regions - Ukraine</b>  <i>“This project is to support the SME sector in Ukraine under the National Action Programme 2003. The project is in line with the EU-Ukraine priority area of cooperation 'Support to Private Sector and Economic Development'. It is to support SME development at the national level and in three target regions (Rivno, Zhytomyr and Chernihiv)”</i>. (MR-40528.01</p>
	<p><b>EBRD Ukraine Micro Lending Programme</b></p>
I-2.1.2	<p><b>ENPI East Region+ Ukraine</b></p>
	<p><b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>  <i>« The lending operations supported through the NIF resources are focused on the priorities stemming from the European Neighbourhood Action Plan and cover the following sectors: energy, environment and transport. Support can also be provided to the private sector and to the social sector. »</i> (Contribution Agreement, annex I, p2)</p>
	<p><b>SME Support in Priority Regions - Ukraine</b></p>
	<p><b>EBRD Ukraine Micro Lending Programme</b>  In the consulted documents there is no explicit relation made between the intervention and overall EU external policy objectives.</p>

I-2.1.3	ENPI East Region+ Ukraine
	NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia
	SME Support in Priority Regions - Ukraine
	EBRD Ukraine Micro Lending Programme
JC 2.2	<i>The Commission applied explicit policies and guidelines to make sure that its support to PSD was part of a strategic approach</i>
Findings at JC level	<p>Evolution over the period in terms of prioritization:</p> <ul style="list-style-type: none"> <li>• PS needs in UKR have been extremely wide and substantial e.g. weak banking system, unpredictable investment climate, unclear laws and regulations and uneven enforcement; market structure dominated by oligarchs</li> <li>• Yet lack of national PSD strategy, and, in addition, lack of qualitative analysis/statistics</li> <li>• Up to 2007, TACIS support to the private sector within assistance to economic development aimed to address the following priorities: taxation reform, support for SMEs, and development of the PSD in the rural sector</li> <li>• Under 2007-2013, no SME support programmes - the EC not able to create a dialogue with national counterparts to create a substantial SME support intervention.</li> </ul>
I-2.2.1	Existence of policy documents and guidelines that explicitly tackle the importance of a strategic (prioritised) approach towards PSD alongside the different dimensions mentioned
I-2.2.2	These policies and guidelines were utilised for the design of PSD strategies at country/ regional level and for the programming
I-2.2.3	Commission staff expressed the view that the guidance provided was appropriate
I-2.2.1	<p><b>ENPI East Region+ Ukraine</b></p> <p>Clear strategic framework: PCA (trade liberalisation &amp; cooperation in other areas) and from 2007, the AA and DCFTA negotiations: have guided all cooperation assistance, where trade is key, not PSD, which is however transversal to many chapters:</p> <ul style="list-style-type: none"> <li>• Up to 2007, TACIS support to the private sector within assistance to economic development aimed to address the following priorities: taxation reform, support for SMEs, and development of the PSD in the rural sector</li> <li>• Under 2007-2013, no SME support programmes - the EC not able to create a dialogue with national counterparts to create a substantial SME support intervention</li> </ul> <p>The CSP follows the guidelines set out in the Framework for Country Strategy Papers, and takes its basis from the Regulation for the provision of assistance to the partner countries in Eastern Europe and Central Asia (Council Regulation (EC, Euratom) No 99/2000 of 29 December 1999). (Ukraine CSP2002-2006 – p1)</p>



	<p>EU/EC relations with Ukraine are based on the Partnership and Co-operation Agreement (PCA), providing for trade liberalisation and wide ranging co-operation, as well as on the Common Strategy, under the Common Foreign and Security Policy. (Ukraine CSP2002-2006 – p1)</p> <p>The PCA is an important instrument in harmonising Ukraine's legal framework with the single European market and the World Trade Organisation (WTO) system. It includes a reference to the possibility of a future free trade area. The European Union Common Strategy on Ukraine, adopted in 1999 as a new instrument under the Common Foreign and Security Policy, aims to develop a strategic partnership between the EU and Ukraine on the basis of the PCA. Its strategy sets three principal objectives: (i) democratic and economic transition, (ii) stability and security in Europe, (iii) support for Ukraine's integration into the European and world economy, cooperation in Justice and Home Affairs. (Ukraine CSP2002-2006 – p2-3)</p> <p>The main challenge facing Ukraine over the medium term is, to sustain economic growth through structural reforms, particularly in the energy and agricultural sectors, to establish a legal framework conducive to investment, to join the WTO and to restructure the banking sector and the social security system, in a society where poverty and inequalities have dramatically increased. (Ukraine CSP2002-2006 – p1)</p> <p>Taking into account the objectives of the PCA implementation and recent EU policy developments (such as the progress in the enlargement process), the EC response strategy 2002-2006 can most effectively assist Ukraine by focusing on trade- and investment-related issues, using the full potential of the PCA, to be supported by Ukraine's approximation of legislation to EU standards, and public service reform. (Ukraine CSP2002-2006 – p2)</p> <p>The overall EC response strategy 2002-2006 for Ukraine will therefore focus on the improvement of the trade and investment climate and on strengthening the capacity of the Ukrainian economy to benefit from EU enlargement. (Ukraine CSP2002-2006 – p15).</p> <p>The National Indicative Programme 2002-2003 will focus on 5 issues including:</p> <ul style="list-style-type: none"> <li>▪ Support to the reform of public administration and of the judicial system essential for a framework of market economy institutions fostering economic reform, industrial restructuring, good corporate governance and improved investment climate.</li> <li>▪ Business, trade and investment promotion remains the key priority of the economic reform programme. In addition to macroeconomic stability, private sector growth and enterprise development need to be stimulated in order to achieve economic growth. Enterprises from the enlarged EU will be Ukraine's natural partners for trade, industrial cooperation and direct investment. It is in the EU's interest to improve the framework for enterprises, including the banking sector, and to facilitate privatisation, restructuring and the creation of new enterprises. (Ukraine CSP2002-2006 – p16)</li> </ul> <p>Tacis supports the efforts by the Ukrainian Government to increase the pace of</p>
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privatisation. However, the institutional and legal transfer of ownership has proved insufficient to induce comprehensive restructuring. In this context, technical assistance can focus on stimulating more effective restructuring and better corporate governance during both pre-and postprivatisation phases. Additional help is directed at the Government in its mission to improve the overall investment climate, allowing for market incentives to promote restructuring. Moreover, advice has been provided to both medium and large enterprises on controlling expenditures, decreasing inter-enterprise arrears and improving respect of contractual obligations. (Ukraine CSP2002-2006 – annex4, p5)

Despite the fact that assistance to the SME sector has always been a prominent priority of donors in Ukraine, the practical impact on the SME sector is quite limited so far. The reasons are two-fold: i) almost no assistance is channelled to the state for altering the general environment for SME development in Ukraine; ii) donor institutions tend to limit their support to grants, whilst presently SMEs need credits to accompany technical assistance. Tacis has been active in the SME sector since 1992. The main activity in the SME field focused on the creation of a countrywide network of agencies providing business development services (Agencies for Development of Enterprises). The support to the SME sector under this facility included 'in-house' professional skill enhancement, the development of training materials etc. and thus has laid a sound institutional basis for future intervention. So far, the activity of the Tacis advisory network has been primarily focused on the promotion and support of business start-ups. It is now recognised that modern and effective demand-driven advisory services are required by the SME sector, which go beyond business initiation and are increasingly tailored to the needs of the sector's consolidation and growth. Another constraint on SME development is access to commercial credit, and a related priority has therefore been to stimulate finance from the formal banking sector. A number of international organisations, in co-operation and with the support of the NBU, have decided to increase their efforts in providing financial resources to SMEs (mostly micro-enterprises) by creating a new financial intermediary, the Ukrainian Micro-finance Bank (UMF), based on similar operations in other eastern European countries. (Ukraine CSP2002-2006 – annex4, p6)

The principal objective of cooperation between the EU and Ukraine at this stage is to develop an increasingly close relationship, going beyond past levels of cooperation to gradual economic integration and deeper political cooperation, including on foreign and security policy. EC assistance over the period covered by this strategy will therefore aim at supporting Ukraine's ambitious reform agenda on the basis of the policy objectives defined in the Partnership and Cooperation Agreement (PCA) of April 1998 and the EU-Ukraine Action Plan of February 2005. (Ukraine CSP2007-2013, p2)

EC assistance priorities have been identified primarily on the basis of the policy objectives defined in the jointly agreed EU-Ukraine Action Plan. Assistance will be offered to enable further progress on the establishment of a fully functioning market economy. This entails further advances in gradual approximation of laws and regulations to those of the EU and effective implementation thereof and also improving the investment climate by ensuring transparency, predictability and simplification of procedures. (Ukraine CSP2007-2013, p13-14)

	<p>From 2007 on EC assistance will be provided through a set of new instruments. The European Neighbourhood and Partnership Instrument (ENPI), including not only its national but also its transnational/regional, cross-border and thematic components, will be the principal new tool for providing assistance to Ukraine and should substantially increase flexibility. (Ukraine CSP2007-2013, p13-14)</p> <p>Assistance provided under the national ENPI envelope for Ukraine will focus on three priority areas which have been selected on the basis of joint EU-Ukraine policy objectives and the EC's comparative advantage as a donor based on lessons learnt from previous assistance and complementarity with other donors. (Ukraine CSP2007-2013 – p17)</p> <p><b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b></p> <p><b>SME Support in Priority Regions – Ukraine</b></p> <p>The TACIS Ukraine action programme 2003 indicates that it would support <i>“the development of Ukrainian SMEs by contributing to the <b>development of a policy environment and administrative culture supportive of SME growth in targeted priority development regions.</b> This project will also focus on promoting improved access to, and use of, business consultancy advice by SMEs and will introduce more strategic conceptions both for businesses and support services.”</i></p> <p><b>EBRD Ukraine Micro Lending Programme</b></p>
I-2.2.2	<p><b>ENPI East Region+ Ukraine</b></p> <p>The TACIS Ukraine action programme 2003 indicates that <i>“Activities in the area of support to the private sector and assistance for economic development will focus on three priorities: support for tax reform; the development of a policy environment and administrative culture of SME growth in targeted priority development regions, including co-operation with IFC; and rural development through support for development of insurance market in the agriculture sector”</i>.</p> <p>The planned budgetary allocation was, as follows:</p> <p><b>1. Support to the Private Sector and Assistance for Economic Development: €8m</b></p> <ul style="list-style-type: none"> <li>• Taxation reform</li> <li>• Improvement of Risk Management Capacity of SMEs in Agriculture</li> <li>• SME support services in priority regions</li> <li>• Reduction of regulatory and administrative barriers for SMEs and start-ups</li> </ul> <p>(source: The TACIS Ukraine action programme 2003)</p> <p><b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b></p> <p><i>« The contribution shall finance technical assistance in support to investments that the EBRD is currently developing in the Neighbourhood Investment Facility region under the framework: "Technical Assistance Support - Financial Institutions Framework in Azerbaijan and Georgia", approved by the Board of the Neighbourhood Investment Facility (NIF) on 5 November 2008. »</i></p> <p><i>« The lending operations supported through the NIF resources are focused on the priorities stemming from the European Neighbourhood Action Plan and cover the following sectors: energy, environment and transport. Support can also be provided to the private sector and to the social sector. »</i> (Contribution Agreement, annex I, p2)</p> <p><b>SME Support in Priority Regions - Ukraine</b></p> <p><b>EBRD Ukraine Micro Lending Programme</b></p>

	<p>The intervention can be considered part of a strategic approach in the sense that it is an EC contribution to an old (12 years?) and well established EBRD programme (EBRD's Ukraine Micro Lending Programme – UMLP). The interest and contribution of the EC to this EBRD strategy seems limited to expected results in terms of outputs (number of new MSE lending departments in banks, number of loan officers in banks, share of MSE portfolio at risk limited to 3%, etc.) and to receiving the reports forwarded by the EBRD to the EC delegation in Kyiv, with confidentiality restrictions though, as summarized in the quote below.</p> <p>Subject to the confidentiality restrictions set forth in Article 5 of the General Conditions, all the above reports shall be made available to the designated EU representative in Kyiv for this Action, and to such other representatives of the EU as may be agreed. EBRD will forward all the above reports, consolidated and containing no commercially sensitive information, to the EU representative within three months after the end of the implementation period. The EBRD will include in the report information on the measures taken to identify the European Union as the source of financing. A financial report, containing the breakdown of all expenses actually incurred during the implementation period, shall also be included. (EBRDMicroLending – EU Contribution Agreement)</p>
<b>I-2.2.3</b>	<p><b>ENPI East Region+ Ukraine</b></p> <p><b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b></p> <p><b>SME Support in Priority Regions - Ukraine</b></p> <p><b>EBRD Ukraine Micro Lending Programme</b></p>
<b>JC 2.3</b>	<b><i>The PSD strategies and programming of the Commission took into account the national/regional priorities</i></b>
<b>Findings at JC level</b>	<p>Alignment poses important challenges in a context such as Ukraine:</p> <ul style="list-style-type: none"> <li>• Where political and economic power have been closely intertwined</li> <li>• Whilst governmental declarations in support to PSD, as reorted by a number of stakeholders, not rooted in a shared and consistent commitment towards PSD, e.g SCURPE –EC counterpart in PSD/SME support – liquidated in 2010; very slow rate of reform process; no homogenous interest across administration and levels</li> <li>• In absence of committed counterparts, EC response has been to support CSOs in their lobbying functions, work at the regional-level (infra and supra) &amp; conduct policy dialogue.</li> </ul>
<b>I-2.3.1</b>	The Commission conducted a policy dialogue with national authorities on PSD strategies
<b>I-2.3.2</b>	CSPs/RSPs clearly link the Commission PSD support to national/regional overall and PSD specific strategies and programming
<b>I-2.3.3</b>	Stakeholders consider that Commission support to PSD is aligned to the overall and sector specific national priorities
<b>I-2.3.1</b>	<p><b>ENPI East Region+ Ukraine</b></p> <p>The TACIS Ukraine action programme 2003 indicates that “<i>In EU-Ukraine relations, the sixth Co-operation Council at ministerial level was held in March 2003. Four priority areas for co-operation were discussed : (i) investment and trade, with an emphasis on</i></p>

	<p><i>accelerating the negotiating process for Ukraine's accession to the WTO; (ii) approximation of Ukraine's legislation and (iii) justice and home affairs focusing on the implementation of the EU Action Plan; and (iv) energy, transport and environment. The EU confirmed its commitment to continue support of democratic development, human rights, the rule of law and market oriented economic reforms, with a view to strengthening Ukraine's European orientation". Whilst PSD is not specifically mentioned, it is likely to have been within priority areas (i) investment and trade, with an emphasis on accelerating the negotiating process for Ukraine's accession to the WTO; (ii) approximation of Ukraine's legislation.</i></p> <p><b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b></p> <p><b>SME Support in Priority Regions - Ukraine</b></p> <p><b>EBRD Ukraine Micro Lending Programme</b></p>
<p><b>I-2.3.2</b></p>	<p><b>ENPI East Region+ Ukraine</b></p> <p>Ukraine's policy agenda is summarised in the Government's Activity Programme for 2000-2004. Its main strategic objectives are the development of Ukraine's human and natural competitiveness, and Ukraine's integration into the EU. (Ukraine CSP2002-2006 – p5).</p> <p>The NIP 2007-2010 for Ukraine has been developed in close consultation with the Ukrainian authorities and fully reflects national priorities. Member States, other donors and civil society organisations were consulted during the drafting process. (Ukraine CSP2007-2013 – p2)</p> <p>EC assistance priorities have been identified primarily on the basis of the policy objectives defined in the jointly agreed EU-Ukraine Action Plan. Assistance will be offered to enable further progress on the establishment of a fully functioning market economy. This entails further advances in gradual approximation of laws and regulations to those of the EU and effective implementation thereof and also improving the investment climate by ensuring transparency, predictability and simplification of procedures. (Ukraine CSP2007-2013, p13-14)</p> <p>PS needs in UKR have been extremely wide and substantial e.g. weak banking system, unpredictable investment climate, unclear laws and regulations and uneven enforcement; market structure dominated by oligarchs. Yet lack of national PSD strategy, and, in addition, lack of qualitative analysis/statistics.</p> <p>Alignment poses important challenges in a context such as Ukraine:</p> <ul style="list-style-type: none"> <li>• Where political and economic power have been closely intertwined</li> <li>• Stakeholders met considered that whilst governmental declarations in support to PSD were questionable, e.g SCURPE –EC counterpart in PSD/SME support – liquidated in 2010; very slow rate of reform process; no homogenous interest across administration and levels</li> </ul> <p>In absence of committed counterparts, EC response has been to support CSOs in their lobbying functions, work at the regional-level (infra and supra)&amp; conduct policy dialogue</p> <p><b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b></p> <p><b>SME Support in Priority Regions – Ukraine</b></p> <p><b>EBRD Ukraine Micro Lending Programme</b></p>

I-2.3.3	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions – Ukraine</b> <i>“The project is consistent with the Ukrainian policy and National and Regional Programmes for Small Entrepreneurship Support”. (MR-40528.01)</i>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>JC 2.4</b>	<b><i>The potential VA of the Commission geared its decisions on the nature of the support it would provide</i></b>
<b>Findings at JC level</b>	AV was considered in some of the support: <ul style="list-style-type: none"> <li>• Considered that EC AV in addressing issues related to an enabling regulatory environment for business and investment</li> <li>• in ‘SME Support in Priority Regions’ inspired by EU business support services identified as “best practices”;</li> <li>• EC SME projects followed by projects focused on <i>innovation</i>, based on AA chapter on transferring EU models on innovation:</li> </ul>
<b>I-2.4.1</b>	Types of potential VA the Commission considered it could offer when providing support to PSD (as attested for instance by overall documents on the Commission’s PSD strategy)
<b>I-2.4.2</b>	Overall approach of the Commission to ensure that its PSD support would be geared, among other things, by its potential VA
<b>I-2.4.3</b>	References in strategy documents at country/ regional level to the potential VA of the Commission when providing support to PSD
<b>I-2.4.4</b>	Stakeholders consider that the Commission’s country and regional strategies took into account the Commission’s potential VA and are able to identify such VA
<b>I-2.4.1</b>	<p><b>ENPI East Region+ Ukraine</b></p> <p>Provision of tailor-made advice in the field of restructuring and business development to industrial enterprises is foreseen, with an emphasis on sectors of mutual interest to the EU and Ukraine, on a cost-sharing basis and compatible with market economy and good governance principles. Widest possible access and dissemination of results will be assured. The experience and best practices of the Tacis Enterprise Restructuring Facility will be used. (Ukraine CSP2002-2006 – p24).</p> <p>The TACIS Ukraine action programme 2003 indicates that Tacis support to the private sector and assistance for economic development aimed to address the following priorities: taxation reform, support for SMEs, and development of the rural sector:</p> <ul style="list-style-type: none"> <li>▪ <i>“one of the main objectives is to use the full potential of the Partnership and Co-operation Agreement between the EU and Ukraine. In that context, the Government of Ukraine has initiated a broad reform of the taxation system, one of the key aspects of which will be reform of tax legislation and elaboration and approval of relevant by-laws and regulations. The objective of this project will be to support Ukraine’s efforts in restructuring the taxation system aimed at increase of budget effectiveness and improvement of investment conditions in the country, both through assistance in drafting correspondent legislative documents and assistance in operational reorganisation of the Tax Administration”.</i></li> <li>▪ risk management related to agricultural production: <i>objectives of this project will be</i></li> </ul>

	<p><i>(i) to contribute to the consolidation of private sector activities in rural areas; (ii) to enable private agricultural enterprises to minimise their risks and improve financial sustainability, including improved access to the credit resources and reliable protection of long-term investments; and (iii) to improve agricultural infrastructure.</i></p>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<p><b>SME Support in Priority Regions – Ukraine</b></p> <p>The aim of the programme was “<i>the improvement of the environment in which SME are created and develop their activities</i>”. The AV identified was the business support services best practices which exist in the EU: “<i>Because the European Union holds very good business support services the aim is to help bring the general level of assistance up to that of existing best. It is believed that increasingly making use of best practices exchange is a flexible policy instrument to improve the general performance of various aspects of the Ukrainian economy</i>”. (Project Fiche).</p>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-2.4.2</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-2.4.3</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-2.4.4</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>JC 2.5</b>	<b><i>The potential synergies of the Commission with other actors and other types of Commission support geared its decisions on the nature of the support it would provide.</i></b>
<b>Findings at JC level</b>	<p>Efforts were made to enhance synergies with other actors:</p> <ul style="list-style-type: none"> <li>Over 1<sup>st</sup> part of evaluation period: little donor coordination expect on support to financial sector &amp; SMEs. Consisted in exchange of information, some distribution of labour. But no genuine <i>common</i> strategies, each actor having also its particular interests/priorities</li> <li>Difficult context has been an incentive to increase donor coordination (e.g. High-level donor group) and agree on approach which consists of working at regional and CSO levels, vs. through governmental bodies/at central level.</li> </ul> <p>Examples of synergies:</p> <ul style="list-style-type: none"> <li>Under “IFC SME Policy Project 2005-2006”, funds to work with IFC to ensure coherence of approach towards SMEs</li> </ul>

	<ul style="list-style-type: none"> <li>• IFC annual investment climate survey used in the targeting of some EC assistance</li> <li>• 2 projects with EBRD: one on micro lending and one on support to regional banks.</li> </ul>
I-2.5.1	Commission documents that lay down the overall (not country specific) PSD strategy of the Commission require that the Commission PSD strategies and interventions are chosen on the basis of, among other things, synergies with support provided by other actors or other types of Commission support
I-2.5.2	CSPs/RSPs and programming documents highlight synergies with support provided by other actors or other types of Commission support
I-2.5.3	Stakeholders consider that synergies with support provided by other actors or other types of Commission support been a key criterion for deciding on the nature of the support to be provided
I-2.5.1	<p><b>ENPI East Region+ Ukraine</b></p> <p>Increased co-ordination at all levels has also been sought with the EU member States, the International Financial Institutions and the other major donors. (Ukraine CSP2002-2006 – p1)</p> <p>EU Member States present in Ukraine will continue to support economic restructuring and investment promotion, with increasing emphasis on the development of civil society and social and health issues, while EC assistance will focus on border management, legal, judicial and administrative reform, as well as trade and investment promotion in the context of the PCA. (Ukraine CSP2002-2006 – p13)</p> <p>The EBRD's revised strategy for Ukraine has four major components, including one on (i) meeting SME needs and financial sector strengthening, and another on (ii) restructuring of the enterprise sector. The EBRD is currently the main source of funding for SMEs, through the National Bank of Ukraine for on-lending via approved local banks to private businesses. Under the Tacis programme, the EC/EBRD Investment Preparation (« Bangkok ») Facility has funded about EUR 10 million of technical assistance that has prepared or accompanied about EUR 0.6 billion of actual EBRD investment in Ukraine. (Ukraine CSP2002-2006 – p14)</p> <p>USAID has been the largest donor for technical assistance in the private sector, with a concentration on business development (including the establishment of 15 business centres and 3 incubators), economic restructuring (tax reform, commercial law, financial markets development), agriculture (privatisation and credit) and energy (including privatisation of power distribution companies). (Ukraine CSP2002-2006 – p14)</p> <p>The NIP 2007-2010 for Ukraine has been developed in close consultation with the Ukrainian authorities and fully reflects national priorities. Member States, other donors and civil society organisations were consulted during the drafting process. (Ukraine CSP2007-2013 – p2)</p> <p>Improving the investment climate is a priority of the GoU, addressing the broad range of issues affecting the investment climate with a view to strengthening investors' confidence is a key component of the government's approach to further</p>



	<p>economic growth. Objectives include improving transparency, predictability and simplification of regulation. (Ukraine CSP2007-2013 – p5)</p> <p>Trade policy issues have been put at the heart of the government economic strategy. Swift completion of the WTO accession process is the government's top priority. Once the WTO accession process is completed, the government also envisages an early start to negotiations on a Free Trade Area (FTA) as part of an Enhanced Agreement with the EU. (Ukraine CSP2007-2013 – p5)</p> <p>Although some donors, including EU Member States, are scaling down their activities in Ukraine, a large number of donor organisations are still active in the country. The principal ones, in addition to the EC, are the World Bank, EBRD and UNDP, the USA and Canada, and, of the EU countries, Germany, Sweden, the United Kingdom, Denmark, Poland and the Slovak Republic. The EIB has started operations in Ukraine as well. (Ukraine CSP2007-2013 – p12)</p> <p>Ukraine has recently stepped up its efforts to strengthen government-led donor-coordination and a set of sector-specific government-donor working groups have been established. The EC Delegation in Kyiv hosts regular coordination meetings with other donors, including on this future strategy. In addition, frequent informal contacts are maintained, mostly on sector-specific issues. Such coordination efforts need to be further strengthened. The EC will increasingly aim at providing assistance on the basis of sector-wide programme support, including pool funding and budgetary support as appropriate. (Ukraine CSP2007-2013 – p12)</p> <p>As the largest donor to Ukraine, the EU has the leverage necessary to make a major contribution to the reform process. In addition, most donors recognise the special role of the EU due to Ukraine's European aspirations and are increasingly aligning their activities with the policy objectives set in the EU-Ukraine Action Plan. (Ukraine CSP2007-2013 – p13)</p> <p>Assistance provided under the national ENPI envelope for Ukraine will focus on three priority areas which have been selected on the basis of joint EU-Ukraine policy objectives and the EC's comparative advantage as a donor based on lessons learnt from previous assistance and complementarity with other donors. (Ukraine CSP2007-2013 – p17)</p> <p>A new EBRD Strategy for Ukraine was approved in June 2005. The EBRD will focus its operations on helping to improve the business climate and the competitiveness of the private sector, strengthening the capacity of the financial sector and supporting the restructuring and modernisation of Ukraine's transport, energy and municipal and environmental infrastructure.</p> <p>The World Bank (WB) operates on the basis of its Country Assistance Strategy (CAS) for 2004-2007 which targets seven long-term objectives, including macroeconomic and financial stability, poverty reduction, human development and environmental sustainability. A CAS Progress Report was published in May 2005. (Ukraine CSP2007-2013 – p27)</p> <p>The TACIS Ukraine action programme 2003 indicates that <i>"The Delegation is responsible for co-ordination with other donors in Kiev. In addition, a team from EuropeAid held a round-table with all Member States present in Kiev and met the other main donors in Ukraine (US, World Bank group, EBRD, IMF) during their project identification support mission in</i></p>
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	<p><i>February 2003.</i></p> <p><i>In addition to consultation with other donors in developing the general approach, this Action Programme contains a number of activities where specific collaboration is foreseen. <b>Funds are allocated for working with the International Finance Corporation (IFC) to ensure coherence of approach, notably in terms of support to the SME sector, where IFC conducts an annual survey, of great value in ensuring assistance is well targeted. Together with the World Bank, Tacis will support tax reform.</b></i></p> <p><b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b></p> <p><b>SME Support in Priority Regions - Ukraine</b></p> <p><b>EBRD Ukraine Micro Lending Programme</b></p>
<p><b>I-2.5.2</b></p>	<p><b>ENPI East Region+ Ukraine</b></p> <p><b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b></p> <p>The intervention is synergetic with other donors in the sense that it is an EC contribution to an EBRD programme ("Technical Assistance Support - Financial Institutions Framework in Azerbaijan and Georgia"). However the coordination of the EC with the EBRD seems limited to (annual) reports to be sent to the EC by the EBRD.</p> <p><b>SME Support in Priority Regions - Ukraine</b></p> <p><b>EBRD Ukraine Micro Lending Programme</b></p> <p>The intervention is synergetic with other donors in the sense that it is an EC contribution to an old (12 years?) and well established EBRD programme (EBRD's Ukraine Micro Lending Programme – UMLP). However the coordination of the EC with the EBRD seems limited to expected results in terms of outputs (number of new MSE lending departments in banks, number of loan officers in banks, share of MSE portfolio at risk limited to 3%, etc.) and to receiving the reports forwarded by the EBRD to the EC delegation in Kyiv, with confidentiality restrictions though, as summarized in the quote below.</p> <p>Subject to the confidentiality restrictions set forth in Article 5 of the General Conditions, all the above reports shall be made available to the designated EU representative in Kyiv for this Action, and to such other representatives of the EU as may be agreed. EBRD will forward all the above reports, consolidated and containing no commercially sensitive information, to the EU representative within three months after the end of the implementation period. The EBRD will include in the report information on the measures taken to identify the European Union as the source of financing. A financial report, containing the breakdown of all expenses actually incurred during the implementation period, shall also be included. (EBRDMicroLending – EU Contribution Agreement)</p>
<p><b>I-2.5.3</b></p>	<p><b>ENPI East Region+ Ukraine</b></p> <p><b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b></p> <p><b>SME Support in Priority Regions - Ukraine</b></p> <p><b>EBRD Ukraine Micro Lending Programme</b></p>

<b>JC 2.6</b>	<b><i>The Commission's PSD strategies and programming were clearly prioritised and part of a wider Commission strategy in the country/region</i></b>
<b>Findings at JC level</b>	Clear strategic framework: PCA (trade liberalisation & cooperation in other areas) and from 2007, the AA and DCFTA negotiations: have guided all cooperation assistance, where trade is key, not PSD, which is however transversal to many chapters.
<b>I-2.6.1</b>	Commission strategy/programming documents explain how the Commission's PSD strategy fits into the wider Commission's country/regional strategies and priorities
<b>I-2.6.2</b>	Commission strategy/programming documents explain how the Commission's have been prioritised with regard to the PSD needs of the country
<b>I-2.6.3</b>	Stakeholders consider that the Commission's PSD support was part of a wider prioritised approach of the Commission in the country/region as well as prioritised with respect to PSD need of the country
<b>I-2.6.4</b>	A methodological procedure has been adopted for selecting areas of intervention per country, as per the 2005 Evaluation Recommendation RI-1, including: an assessment of priority needs; selection of interventions with Commission comparative advantage; and an assessment of whether pre-conditions of intervention are met
<b>I-2.6.1</b>	<p><b>ENPI East Region+ Ukraine</b></p> <p>Under the 2002-2006 Country Strategy Paper (CSP) assistance has focused on the three priority areas of: i) support for institutional, legal and administrative reform, ii) support to the private sector and assistance for economic development and iii) support in addressing the social consequences of transition. During the first four years covered by the CSP (2002-2005) 43% of available resources were allocated to the first priority, 28% to the second and 13% to the third. The remaining 16% went to "Small Project Programmes". (Ukraine CSP2007-2013, p10)</p> <p>The principal objective of cooperation between the EU and Ukraine at this stage is to develop an increasingly close relationship, going beyond past levels of cooperation to gradual economic integration and deeper political cooperation, including on foreign and security policy. EC assistance over the period covered by this strategy will therefore aim at supporting Ukraine's ambitious reform agenda on the basis of the policy objectives defined in the Partnership and Cooperation Agreement (PCA) of April 1998 and the EU-Ukraine Action Plan of February 2005. (Ukraine CSP2007-2013, p2)</p> <p><b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b></p> <p><i>« The objective of the Framework and its associated individual TC activities for the Financial Institutions sector in the region are the following:</i></p> <p><i>a) Improving efficiency, effectiveness and transparency of the financial sector, resulting in the provision of better access to financing for enterprises, particularly MSMEs;</i></p> <p><i>b) Creating successful and healthy institutions that finance the real economy, operate on market principles and follow sound business practices, thus supporting sustainable financial intermediaries. » (Contribution Agreement, annex I, p3-4)</i></p> <p>JFM: from the quote above it is difficult to determine to which extent the objectives mentioned are originating from a wider Commission strategy in the</p>

	country/region or from the EBRD.
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
I-2.6.2	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
I-2.6.3	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
I-2.6.4	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>JC 2.7</b>	<i>The Commission designed its PSD support so as to promote gender equality, good governance, and combat environmental degradation and HIV</i>
<b>Findings at JC level</b>	Environmental and energy-related issues will be given particular attention in the different components of the NIP. (Ukraine CSP2002-2006 – p2).  On CCI and Decent Work Agenda: Efforts (e.g. green energy calls, green tourism, support to female entrepreneurship, to equal opportunities in BDS, local ecological projects).
<b>I-2.7.1</b>	Commission strategy/programming documents explain how the Commission's PSD strategy and specific intervention will contribute to the above mentioned crosscutting issues
<b>I-2.7.2</b>	Stakeholders consider that when designing its support, the Commission took into account the above mentioned cross-cutting issues
I-2.7.1	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
I-2.7.2	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>

<b>JC 2.8</b>	<i>The Commission PSD activities have contributed to the decent work agenda and/or the improvement of core labour standards and rights of the worker</i>
<b>Findings at JC level</b>	No evidence of this.
<b>I-2.8.1</b>	EC macro-economic and policy interventions targeted the decent work agenda and/or improvement of core labour standards and social governance in beneficiary countries during the evaluation period
<b>I-2.8.2</b>	Regulations passed on core labour standards and/or social governance in beneficiary countries during the evaluation period
<b>I-2.8.1</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-2.8.2</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>

<b>EQ 3</b>	<b>To what extent did the set of Commission funding vehicles and aid modalities for supporting PSD strategies and activities of partner countries and regions result in the provision of timely responses at a reasonable cost to the challenges faced by the private sector in third countries, while fostering synergies among each other and with vehicles offered by other actors?</b>
<b>Other relevant information (not captured elsewhere)</b>	Since 1991, Tacis has been one of the leading technical assistance programmes supporting the transition process in Ukraine. The national programmes have targeted among others the development of the private sector, enterprise restructuring, SME development, finance, agriculture, energy and the environment. (Ukraine CSP2002-2006 – p11)
<b>JC 3.1</b>	<b><i>The set of funding vehicles or aid modalities developed by the Commission at general level to support partner country PSD strategies and activities aimed at covering the range of challenges faced by the private sector in third countries, while bearing in mind efficiency and synergies</i></b>
<b>Findings at JC level</b>	Not applicable to country case.
<b>I-3.1.1</b>	Documents outlining the rationale of each modality/ instrument with respect to PSD identify the specific challenges to which it should respond
<b>I-3.1.2</b>	Commission documents explain how the <u>set</u> of instruments/modalities covers the needs of the private sector in a comprehensive manner, while fostering efficiency and synergies
<b>I-3.1.3</b>	Stakeholders consider that the Commission's set of instruments was designed with a view to tackle challenges while fostering efficiency and synergies
<b>I-3.1.1</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-3.1.2</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-3.1.3</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>

<b>JC 3.2</b>	<b><i>When designing its support for partner country PSD strategies and activities in specific countries or regions, the Commission's choice of funding vehicles or aid modalities was geared towards the specificity of challenges, the expected efficiency and the potential synergies with other vehicles or modalities</i></b>
<b>Findings at JC level</b>	<p>Funding instruments:</p> <ul style="list-style-type: none"> <li>• Use LT instruments/ rigidity of programming give evidence of EC interest in/commitment to launch structural changes, but are conceived for a stable political situation and so, not adapted given the administrative and political instability in UKR</li> <li>• Information on funding under the NIF (a centralised operation)</li> <li>• But some problems of lack of communication between what is done directly by other DGs and by EUD, and late consultation of EUD when development at HQ of regional progs, under the NIF, political initiatives, Eastern Partnership Prog, Black Sea Progs</li> </ul> <p>Funding modalities: not well adapted to a context like the one in UKR:</p> <ul style="list-style-type: none"> <li>• Where institutional and regulatory reforms are a priority, BS would be the privileged instrument, it was considered after Orange revolution, but no longer appropriate given the political situation and lack of sectoral strategy</li> <li>• Evidence also of problems under Project approach: Sustainability challenged by lack of reforms at “macro” level; High level of corruption: always high risk of vested interests despite stringent EUD controls.</li> </ul>
<b>I-3.2.1</b>	Justification of the choice of instruments in strategy and programming documents at country/regional level
<b>I-3.2.2</b>	Justification of the choice provided by Commission representatives
<b>I-3.2.1</b>	<p><b>ENPI East Region+ Ukraine</b></p> <p>Since 1991, EC technical assistance has been one of the leading programmes supporting the transition process in Ukraine. Following a country programme evaluation in 1998 stressing the sometimes limited impact of a sector approach, EC assistance has been progressively focused on a limited number of areas, in order to support institutional reforms in Ukraine and achieve a systemic impact in key fields linked to the PCA implementation process. (Ukraine CSP2002-2006 – p1)</p> <p>The EC will focus in this new programming exercise on defining strategic priorities and objectives rather than specific activities or delivery mechanisms. National authorities are being involved in the process from the very beginning. (Ukraine CSP2007-2013 – p11)</p> <p>Technical assistance will no longer be the predominant channel for the Commission's external assistance programmes to Ukraine. New cooperation tools like Twinning or TAIEX will play an essential role (Ukraine CSP2007-2013, p14)</p> <p><b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b></p> <p>JFM : the quote below is not in itself a justification of the choice of instrument (technical assistance in support to an EBRD lending programme thanks to the Neighbourhood Investment Facility - NIF), but it shows that the instrument is adapted to the case.</p> <p>« <i>The Neighbourhood Investment Facility (NIF) is a facility created for the implementation of the</i></p>

	<p><i>new financing options offered by the European Neighbourhood Policy Instrument (the "ENPI"). It is intended to provide EU grant support for lending operations led by European multilateral development-finance institutions and also bilateral development finance institutions of the Member States. The NIF approves grants for investment co-financing, loan guarantee cost financing, interest rate subsidies, risk capital operations and technical assistance packages. The objective is to associate European Union grants with consortia of European Finance Institutions in order to finance large investment projects in the ENPI region.</i></p> <p><i>The lending operations supported through the NIF resources are focused on the priorities stemming from the European Neighbourhood Action Plan and cover the following sectors: energy, environment and transport. Support can also be provided to the private sector and to the social sector.</i></p> <p><i>This specific intervention shall finance technical assistance in support to investments that the EBRD is currently developing in the Neighbourhood Investment Facility region under the framework: "Technical Assistance Support - Financial Institutions Framework in Azerbaijan and Georgia", approved by the Board of the Neighbourhood Investment Facility (NIF) on 5 November 2008. » (Contribution Agreement, annex I, p2)</i></p>
	<p><b>SME Support in Priority Regions - Ukraine</b></p>
	<p><b>EBRD Ukraine Micro Lending Programme</b></p> <p>The choice of instrument (technical support to micro-lending activities in Partner Banks) is justified in the sense that it is an EC contribution to an old (12 years?) and well established EBRD programme (EBRD's Ukraine Micro Lending Programme – UMLP). The choice of instrument made by the EC for its contribution to this scheme clearly targets technical assistance (in the "Technical Cooperation Programme", by financing a consultant) to the exclusion of effective contribution to credit lines.</p>
<p><b>I-3.2.2</b></p>	<p><b>ENPI East Region+ Ukraine</b></p> <p><b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b></p> <p><b>SME Support in Priority Regions - Ukraine</b></p> <p><b>EBRD Ukraine Micro Lending Programme</b></p>
<p><b>JC 3.3</b></p>	<p><b><i>The level at which the Commission intervened (national, regional, supra-regional) was appropriate to meet the specific challenges in terms of PSD</i></b></p>
<p><b>Findings at JC level</b></p>	
<p><b>I-3.3.1</b></p>	<p>Strategy and programming documents show evidence that the intervention level was selected on the basis of a consideration of the challenges being addressed.</p>
<p><b>I-3.3.2</b></p>	<p>Stakeholders consider that the selection of intervention levels made by the Commission across the board of its PSD interventions, has been appropriate to the challenges being addressed</p>
<p><b>I-3.3.3</b></p>	<p>Stakeholders consider that the selection of intervention levels made by the Commission has enabled synergies and cross-fertilisation to develop between countries and regions.</p>
<p><b>I-3.3.1</b></p>	<p><b>ENPI East Region+ Ukraine</b></p> <p>Until 2006, regional cooperation addressed, in particular, issues related to closer inter-state cooperation on transport and energy and sustainable management of natural resources focusing mainly on water. Justice and home affairs priorities included further integrating border management, combating organised crime and international terrorism, and improving migration and asylum management.</p>



	<p>Cross-border cooperation (CBC) focused on economic and social development of border areas, efficient border management and people-to-people contacts, which were fostered through the CBC Small Project Facility and its successor Neighbourhood Programmes (NPs). (Ukraine CSP2007-2013 – p10)</p>
	<p><b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b></p> <p>The pursued objectives mentioned in the quote below are regional and the intervention is regional by the fact that it covers two countries. However, there is no clear proper regional (trans-national) dimension in the intervention and it might be that it might have been managed as two national parallel actions.</p> <p><i>« The objective of the Framework and its associated individual TC activities for the Financial Institutions sector in the region are the following:</i></p> <p><i>a) Improving efficiency, effectiveness and transparency of the financial sector, resulting in the provision of better access to financing for enterprises, particularly MSMEs;</i></p> <p><i>b) Creating successful and healthy institutions that finance the real economy, operate on market principles and follow sound business practices, thus supporting sustainable financial intermediaries. »</i> (Contribution Agreement, annex I, p3-4)</p>
	<p><b>SME Support in Priority Regions – Ukraine</b></p> <p><i>“National level: To provide analysis tools to SCORPE and SME Support Associations to better streamline the recommended regulatory framework.</i></p> <p><i>Regional level: Tacis will focus its core activities in three target priority regions. The selection of the regions will be based upon government indication and priority development policy. They will most likely involve: Zhitomirska, Rivnenska, Cherkaska, Ternopilska Sumska and Chernigiv regions.”</i> (project fiche)</p> <p><i>“The project, therefore, suggests that future projects would have the possibility to select pilot regions for particular project component activities themselves during the Inception Phase as to ensure that the most appropriate region for a particular project activity/component is identified.”</i> (Final Project Report).</p>
	<p><b>EBRD Ukraine Micro Lending Programme</b></p> <p>the EC contribution corresponds to the main expansion efforts of the EBRD’s Ukraine Micro Lending Programme (UMLP), including its geographic extension within the country.</p> <p><i>“the European Union technical assistance funds, which financed the main project's expansion efforts, including activities in urban areas, implementation of the Programme in new partner banks, and a partial roll-out of rural and agricultural lending;»</i> (EBRD MicroLending – Final Report, p1)</p>
<p><b>I-3.3.2</b></p>	<p><b>ENPI East Region+ Ukraine</b></p> <p><b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b></p> <p><b>SME Support in Priority Regions - Ukraine</b></p> <p><b>EBRD Ukraine Micro Lending Programme</b></p>
<p><b>I-3.3.3</b></p>	<p><b>ENPI East Region+ Ukraine</b></p> <p><b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b></p> <p><b>SME Support in Priority Regions - Ukraine</b></p>

	<b>EBRD Ukraine Micro Lending Programme</b>
<b>JC 3.4</b>	<i>The implementation showed that funding vehicles or aid modalities were appropriate to tackle challenges and to do so efficiently and in synergy with other vehicles</i>
<b>Findings at JC level</b>	Stakeholders underline importance of linking project assistance with policy dialogue to maintain pace of reform, and which has not always been sufficiently conducted. Policy dialogue under several auspices: Eastern partnership dialogue, SME policy dialogue and Association Agenda dialogue and negotiations; IPR policy dialogue. Also in pushing for coordination mechanisms amongst fragmented ministry
<b>I-3.4.1</b>	Evidence provided in reports on the support concerning the appropriateness of instruments/modalities, their efficiency and synergies with other instruments/modalities
<b>I-3.4.2</b>	Stakeholders consider that instruments (specific instruments and/or the set of instruments) were appropriate and enhanced efficiency and synergies
<b>I-3.4.1</b>	<p><b>ENPI East Region+ Ukraine</b></p> <p>Since 1991, EC technical assistance has been one of the leading programmes supporting the transition process in Ukraine. Following a country programme evaluation in 1998 stressing the sometimes limited impact of a sector approach, EC assistance has been progressively focused on a limited number of areas, in order to support institutional reforms in Ukraine and achieve a systemic impact in key fields linked to the PCA implementation process. (Ukraine CSP2002-2006 – p1)</p> <p>The overall the relevance of the Tacis assistance until 2006 has been high and responding to the needs. However, in particular during the first few years, the programme was mainly governed by a “top-down” approach. This was partly a consequence of the need for institution building in the countries in transition and partly due to an insufficient sense of ownership on the part of the national authorities. (Ukraine CSP2007-2013 – p11)</p> <p>The Tacis evaluation noted that the programme is characterised a large number of “stand-alone” technical assistance projects, in particular on institutional and administrative reform. These often achieve good results at project level but have limited impact at sector and national policy level due to a lack of continuity and coherent long-term sector planning. (Ukraine CSP2007-2013 – p11)</p> <p>In the case of economic development the Commission has been most successful when addressing issues related to an enabling regulatory environment for business and investment. This assessment is also confirmed by an October 2005 Evaluation of EC support to Private Sector Development in Third Countries which concluded that “...the EC has a higher comparative advantage in macro- and institutional interventions and a lower one in interventions in financial markets”. (Ukraine CSP2007-2013 – p11)</p> <p><b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b></p> <p>According to the available reports, the different segments of the intervention are progressing well overall, some better than others, including one to be de-committed and another one terminated. The quotes below however on the progress achieved do not enable an assessment of the appropriateness or efficiency of the intervention or potential synergies.</p>

*“Institutional Building Plan: Mugan bank, Azerbaijan**Approved amount: EUR 500,000*

*Progress to date:* This assignment was expected to be implemented alongside an equity investment by EBRD which has been delayed as a result of prioritising projects and different considerations for projects to be eligible for financing after the financial crisis. It is now likely that EBRD's investment in Mugan bank will not proceed in the near future and as a result this sub-action will be de-committed.

*Azerbaijan: Rabita bank - Assistance with Internal Audit, Risk Management and development of SME financing functions**Approved amount: EUR 300,000*

*Progress to date:* Progress to date has been mixed, mainly due to the client not always being able to dedicate sufficient staff resources to ensure that its deliverables are met within timeframes. Both the client and the consultant are invited to be more exact in assigning duties and developing a timeline to avoid future delays.

The consultants are performing well and are delivering on their modules contained in the ToRs. Rabita bank has been making progress on its statistical analysis of its NPLs and basic Risk Management functions, but has lagged in the Internal Audit and Product Development Function. This will be addressed by the consultants in the coming period.

*Azerbaijan - Financial Sector Framework - SME Credit Advisory Services and Institution Building**Approved amount: EUR 550,000*

*Progress to date:* The consultants supported four participating banks as of December 2010. The global economic crisis affected the PBs lending activities and they exercised caution over lending activities and only two PBs were lending to SMEs. The consultant assisted the PBs with issues regarding reporting and dealing with non-performing loans and advised their credit committees.

With decreased SME lending and separate consultancy for Medium Co-financing Finance Facility and available consultancy under MSE products it was decided to suspend the contract in December 2010. Final termination of the contract took place shortly after.

*Azerbaijan MSE Credit Advisory Services 2009-2012**Approved amount: EUR 700,000*

*Progress to date:* Specific support measures in this action have a focus on training and developing loan officers and credit managers, credit risk management including internal and supervisory controls, problem loans and a comprehensive review of audit capacities. Work has also started on corporate of recovery. The portfolio quality has improved compared to the previous periods. An important aspect in monitoring portfolio quality is to supervise whether the lending methodology introduced by the programme is correctly applied. This is also important with regards to the sustainability of technical assistance. In essence, the above-mentioned function is fulfilled by credit managers.

	<p>Consultants continued their support to Azerbaijan Micro Finance Association (AMFA) in their initiative of evaluating the extent of over-indebtedness in the country caused by multiple borrowing and insufficient control of parallel loans.</p> <p>Within the scope of work, the consultants also aim to implement MSME lending in the PI. In this regard the availability of adequate staff is central. To this end the consultants are putting together a manual on Human Resources Development (credit). Furthermore the consultant is building up internal training capacity.</p> <p>In the frame of the project a MSE credit audit tool has been developed and is currently introduced at all eligible PI.</p> <p><u><i>Azerbaijan: Unibank - Funding, Risk Management and Operational Enhancement</i></u> <u><i>Approved amount: EUR 50,000</i></u></p> <p><i>Progress to date:</i> An initial review of the bank was undertaken on which a basis inception report was prepared and a work-plan put together focusing on improvements in four areas: Credit Process and Risk Management, Loan workout and recovery, Internal Audit, Funding and anti-fraud measures.” (Annual Report 27 July 2011, p4-8)</p>
	<p><b>SME Support in Priority Regions - Ukraine</b></p>
	<p><b>EBRD Ukraine Micro Lending Programme</b></p> <p>In the last quarter of 2008 the Ukrainian banking sector was hit by the global financial crisis, which led to serious problems for the country's financial markets. Banks stopped providing loans to clients, clients withdrew their deposits, and arrears rates started to rise sharply. Moreover, the several driving factors have led to a decrease in overall lending activity since September 2008.</p> <p>The consultant (note : the EC support in this scheme is for paying the consultant providing technical assistance to Partner Banks), in close co-operation with the EBRD, proactively addressed the challenges resulting from the financial crisis, which is having a severe impact on the Ukrainian economy as whole and the Ukrainian banking sector in particular. Since September 2008 the UMLP has actively helped the existing partner institutions to switch into "crisis mode".</p> <p>To address these enormous challenges for all of the UMLP partner banks, the consultant's work additionally focused on supporting them in the areas of loan portfolio quality and arrears management. (EBRDMicroLending – Final Report, p1-2)</p>
I-3.4.2	<p><b>ENPI East Region+ Ukraine</b></p>
	<p><b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b></p>
	<p><b>SME Support in Priority Regions - Ukraine</b></p>
	<p><b>EBRD Ukraine Micro Lending Programme</b></p>
<p><b>JC 3.5</b></p>	<p><i>Projects were implemented in line with planning, both in terms of timeliness and costs</i></p>
<p><b>Findings at JC level</b></p>	<p>Limited information.</p>
<p><b>I-3.5.1</b></p>	<p>Stakeholders consider that timing and planning do fit requirements of private sector actors</p>

I-3.5.2	Evidence provided in reports on the extent to which planned timing and costs were respected
I-3.5.3	Views of stakeholders on the extent to which planned timing and costs were respected
I-3.5.4	Factors having enhanced or hampered the respect of planning in terms of time and costs as displayed in reports and invoked by stakeholders
I-3.5.1	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b> The project was ongoing. Project seemed to be on track, time- and budget-wise, with some difficulties however, mainly due to the 2008 economic crisis, and overall manageable according to the documents available (for instance de-committed amounts will be reallocated to newly identified sub-actions).
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
I-3.5.2	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b> The EC support to the EBRD's Ukraine Micro Lending Programme (UMLP), originally planned for 12 months was extended to 15 months and the final disbursement note shows that almost all the provisional budget was spent (1500000 – 1448199,73).
I-3.5.3	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
I-3.5.4	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>

<b>EQ 4</b>	<b>To what extent did the Commission contribute to make the institutional and regulatory framework more conducive to PSD?</b>
<b>JC 4.1</b>	<b><i>The Commission support was geared to tackling the main institutional and regulatory obstacles to PSD</i></b>
<b>Findings at JC level</b>	<p>Within the PCA, and AA negotiations, support to legal approximation to EU-legislation and institutional capacity-building has been key.</p> <p>Stakeholders met underline that institutional and regulatory reform :</p> <ul style="list-style-type: none"> <li>• has been a key priority need: stakeholders consider regulations and practices as obsolete and detrimental to PSD; other support might not be sustainable</li> <li>• are areas where the Commission had a mandate (AA) to act in: structural/I&amp;R level changes</li> </ul> <p>EC supported interventions:</p> <ul style="list-style-type: none"> <li>• “SME Support in Priority Regions” (2006) aimed at “<i>the improvement of the environment in which SME are created and develop their activities</i>” and developed analysis tools to SCURPE and SME Support Associations to better streamline the recommended regulatory framework (e.g. concept Paper for direct SME support, Practical Cluster Development Guide)</li> <li>• “Strengthening of Ukrainian Financial Services Sector” (2008) supported the MinFin and the three financial sector regulators in the development of (1) strategic recommendations for the financial services sector (e.g. Law on Banking and Law on Financial Services), (2) convergence between EU and Ukrainian legislation.</li> <li>• EC projects focused on <i>innovation</i>: “Enhancement of Innovation Strategies, Policies and Regulation in Ukraine” (2009), “Promoting good governance of innovation policies (MinEco, Min Education, National Academy of Science).</li> </ul>
<b>I-4.1.1</b>	Identification of the main obstacles to PSD in terms of macro-economic environment and institutional and regulatory framework in the country/region in official documents /studies (national strategies or other documents/studies), including both the domestic environment and obstacles to the integration in regional and world economies
<b>I-4.1.2</b>	Commission strategy and programming documents refer to the obstacles mentioned in I-4.1.1 and gear the support to the removal of these obstacles (or justify alternative approaches)
<b>I-4.1.3</b>	The private sector was consulted for determining the priorities for helping remove the main institutional and regulatory obstacles to PSD
<b>I-4.1.4</b>	Stakeholders, and in particular the private sector, consider that Commission support was geared towards priorities for helping remove the main institutional and regulatory obstacles to PSD
<b>I-4.1.5</b>	Number of technical and economic analyses/fora covering major strengths and weaknesses of the private sector in third countries conducted with Commission support or, in the case of pre-existing studies and fora, utilised by the Commission

	in developing PSD activities targeting regulatory and institutional frameworks.
I-4.1.1	<p><b>ENPI East Region+ Ukraine</b></p> <p>Major obstacles to sustained growth are the incomplete structural transformation of the economy, including the weak banking system, and the still unpredictable investment climate, with often unclear laws and regulations and uneven and arbitrary enforcement. The economy still suffers from a lack of functioning market institutions and weak legal protection and there are many barriers to foreign traders and investors. In spite of some improvements since 2000, foreign direct investment in Ukraine remains low. Apart from formal restrictions related to land ownership, FDI is hampered by, e.g. interference by the authorities in enterprise operation and advantages given to statecontrolled firms. Ukraine has started to address this problem by putting in place new legislation on competition and monopolies. Many responsibilities, in the past covered by the central government, were passed on to local authorities that lack the resources to take on these functions. (Ukraine CSP2002-2006 – p7)</p> <p>Unlimited centralised management still prevails, favouring regional autarky and preventing a redistribution of responsibilities or budgets, although it is recognised that regional bodies and local selfgovernment have a key role in the economic reform process and in the establishment of a favourable business and investment climate. (Ukraine CSP2002-2006 – p8)</p> <p>Although private sector development remains a priority, Ukraine has lagged behind in its privatisation programme. Many companies put on sale were unattractive for investors and the sales mechanism has not always been transparent, creating oligarchic structures. Privatisation generally failed to stimulate comprehensive restructuring of formerly state-owned enterprises. Inter-enterprise arrears, barter, tax exemptions, and tax arrears are still frequent, indicating a lack of market discipline and little incentive to restructure. (Ukraine CSP2002-2006 – p8)</p> <p>The regulatory picture improved in 2000 with the adoption of two laws on support to SMEs, creating favourable conditions and environment for business development. (Ukraine CSP2002-2006 – p8)</p> <p>Privatisation has become an irreversible process in agriculture, the key problem for agricultural production remains land ownership. (Ukraine CSP2002-2006 – p9)</p> <p>A country programme evaluation conducted in 1998 showed that policy advice projects had not resulted in a real improvement in Ukrainian economic policies, with the exception of a few sector policies (financial sector, energy savings), mainly because of the absence of a strong policy dialogue and acceptance of agreed reform directions. (Ukraine CSP2002-2006 – p11)</p> <p>Private sector development has shown mixed results as well. While Tacis contributed efficiently to privatisation programmes, weak macro-economic policies and structural reforms had limited enterprise restructuring. (Ukraine CSP2002-2006 – p11)</p> <p>Following the 1998 evaluation, Tacis has progressively focused on a limited number of areas, increasingly agreed in a dialogue-driven approach linked to the PCA implementation process. Since 1996, much of this advice has been provided through the Ukrainian-European Policy and Legal Advice Centre (UEPLAC).</p>

	<p>(Ukraine CSP2002-2006 – p11)</p> <p>In 2005 Ukraine could attract large foreign direct investments in the financial sector and steel industry. Due to these investment decisions, foreign direct investment (FDI) reached a record. In the absence of a substantial improvement in the investment climate, though, this steep increase in FDI may prove to be a one-shot phenomenon. For example, policy measures are required in areas such as the fight against corruption, a more transparent concept of further privatisation in full respect of the rule of law, the adoption of the Joint-Stock Company law, incompatibilities between civil and commercial code and court systems, the overall improvement of transparency and predictability and further reduction of the burden of licensing and inspection regimes. (Ukraine CSP2007-2013 – p7-8)</p> <p>EC assistance priorities have been identified primarily on the basis of the policy objectives defined in the jointly agreed EU-Ukraine Action Plan. Assistance will be offered to enable further progress on the establishment of a fully functioning market economy. This entails further advances in gradual approximation of laws and regulations to those of the EU and effective implementation thereof and also improving the investment climate by ensuring transparency, predictability and simplification of procedures. EC assistance will be offered to support the process of market and regulatory reform, at the same time bearing in mind the challenges Ukraine will face with a view to the EU-Ukraine Free Trade Area envisaged once the WTO accession process has been completed. This will cover a broad range of areas including customs legislation and procedures, technical regulations, standards and conformity assessment, sanitary and phytosanitary issues (SPS), establishment and company law, financial services and markets, taxation, competition and consumer protection policy, development of the legislative and administrative framework for SMEs, intellectual and industrial property rights, public procurement and statistics. (Ukraine CSP2007-2013, p13-14)</p> <p>The Commission funded the project 2008-2010 “Strengthening of Ukrainian Financial Services Sector”.</p> <p>This project cooperated closely with the Ministry of Finance, (‘MOF’), and the three financial sector regulators: the National Bank of Ukraine (‘NBU’); the State Commission for Securities and Stock Markets (‘SCSSM’); and, the State Commission for Financial services Regulation (‘SCRFMS’). It aimed to:</p> <ul style="list-style-type: none"> <li>• <i>Workpackage 1: Development of a national strategy for balanced and reliable financial services;</i></li> <li>• <i>Workpackage 2: Development of new partition roles in financial services policy, regulation and supervision;</i></li> <li>• <i>Workpackage 3: Implementation of priority measures in policy making, regulatory and supervisory bodies.</i> (Final report, 2010)</li> </ul> <p><b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b></p> <p><b>SME Support in Priority Regions - Ukraine</b></p> <p>“Three Project Purposes are to provide capacity building support to three levels of project actors: 1) SCURPE, 2) Business Development Services (BDS) Facilitators, Kyiv-based non-government organisations specified in the ToR, and 3) BDS Providers in regions”. (MR-40528.01)</p>
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	<b>EBRD Ukraine Micro Lending Programme</b>
I-4.1.2	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions – Ukraine</b> The inception report very clearly identifies the responsibilities as regards PSD of the regional administrations: <i>“The Regional Small Business Support Programmes in Rivne, Cherniviv and Zhytomyr in general seem to be elaborated around the following three main intervention areas:</i> <ul style="list-style-type: none"> <li>➤ <i>Improving small-business-related regulatory policy;</i></li> <li>➤ <i>Supporting access to credits;</i></li> <li>➤ <i>Establishing new and improving existing small business support infrastructure”.</i></li> </ul>
	<b>EBRD Ukraine Micro Lending Programme</b>
I-4.1.3	<b>ENPI East Region+ Ukraine</b> The NIP 2007-2010 for Ukraine has been developed in close consultation with the Ukrainian authorities and fully reflects national priorities. Member States, other donors and civil society organisations were consulted during the drafting process. (Ukraine CSP2007-2013 – p2)
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
I-4.1.4	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
I-4.1.5	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions – Ukraine</b> A survey conducted in 2005 by IFC on the business environment in Ukraine was funded by the EC. To see the list of obstacles to SME development identified in the survey, see I.6.11.
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>JC 4.2</b>	<b><i>The Commission has had strong policy dialogue on the institutional and regulatory frameworks</i></b>
<b>Findings at JC level</b>	Policy dialogue key: <ul style="list-style-type: none"> <li>• Policy dialogue under several auspices: Eastern partnership dialogue, SME policy dialogue and Association Agenda dialogue and negotiations; IPR policy dialogue</li> <li>• stakeholders underline importance of linking project assistance with policy dialogue to maintain pace of reform, and which has not always been</li> </ul>

	<p>sufficiently conducted</p> <ul style="list-style-type: none"> <li>• Also in pushing for coordination mechanisms amongst fragmented ministry</li> </ul>
I-4.2.1	Number, level and depth of contacts with public authorities
I-4.2.2	Number, level and depth of contacts with other policy actors (e.g. business associations, non-state actors, IMF/WB, other donors)
I-4.2.3	Evidence exists of Commission leadership in or contribution to dialogue with policy actors
I-4.2.4	Evidence exists of Commission contribution to private-public dialogue
I-4.2.1	<p><b>ENPI East Region+ Ukraine</b></p> <p><b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b></p> <p><b>SME Support in Priority Regions – Ukraine</b></p> <p>The main partner was SCURPE (State Committee of Ukraine for Regulatory Policy and Entrepreneurship), a relevant partner, as per its mandate at the time of the project:</p> <p><i>“The Committee is responsible for the following tasks:</i></p> <ul style="list-style-type: none"> <li>- <i>To coordinate the activity of executive bodies with regard to the development and support of enterprise in Ukraine;</i></li> <li>- <i>To summarise the experience of enterprise registration and to develop suggestions to improve this process;</i></li> <li>- <i>To promote small-scale businesses, consultancy and informational support;</i></li> <li>- <i>To alleviate administrative, economic and organisational difficulties in business development;</i></li> <li>- <i>To introduce and develop financing and credit mechanisms;</i></li> <li>- <i>To take part in staff's training and retraining;</i></li> <li>- <i>To make suggestions regarding the state policy concerning private enterprises;</i></li> <li>- <i>To cooperate with international organisations in the field of enterprise promotion.</i></li> </ul> <p><i>Through the Decree of the President of Ukraine on "Deregulation of Enterprise Activity" the Committee was also allocated special functions and authorities regarding the solution of extra state regulation on enterprise activity and control.</i></p> <p><i>Furthermore, the Committee:</i></p> <ul style="list-style-type: none"> <li>- <i>Has the right to stop decisions of central and local authorities, which block free enterprise development;</i></li> <li>- <i>Considers complaints against license regulatory activities concerning licensing and makes corresponding decisions;</i></li> <li>- <i>Introduces the common register of enterprise subjects and licensing list.”</i> (Inception report, p.28). <p><b>EBRD Ukraine Micro Lending Programme</b></p> </li></ul>
I-4.2.2	<p><b>ENPI East Region+ Ukraine</b></p> <p><b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b></p> <p><b>SME Support in Priority Regions - Ukraine</b></p>

	<b>EBRD Ukraine Micro Lending Programme</b>
I-4.2.3	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
I-4.2.4	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>JC 4.3</b>	<b><i>The institutional and regulatory frameworks have been strengthened</i></b>
<b>Findings at JC level</b>	<p>“SME Support in Priority Regions” (2006) aimed at “<i>the improvement of the environment in which SME are created and develop their activities</i>” and developed analysis tools to SCURPE and SME Support Associations to better streamline the recommended regulatory framework (e.g. concept Paper for direct SME support, Practical Cluster Development Guide).</p> <p>“Strengthening of Ukrainian Financial Services Sector” (2008) supported the MinFin and the three financial sector regulators in the development of (1) strategic recommendations for the financial services sector (e.g. Law on Banking and Law on Financial Services), (2) convergence between EU and Ukrainian legislation. A substantial amount of training and advice was delivered setting foundations for improvement in financial supervision, market infrastructure and consumer protection”.</p> <p>Innovation projects reported as useful to UKR authorities, especially exchange of expertise with EU experts and the study of the EU acquis: 22 draft laws reported as elaborated on basis of EU acquis, which brought about major changes, e.g. in system of issuing of permissions, reduction in documentation to be submitted for licensing and registration, in number of areas under license, law on entrepreneurship was adopted and defined the key terminology. Other stakeholders met highlighted bottlenecks which could have been better anticipated with more detailed prior context analysis</p> <p>But I&amp;R reforms particularly difficult to implement in the country due to:</p> <ul style="list-style-type: none"> <li>• Lack of political will and instability of the context</li> <li>• Difficulty to conduct dialogue with private sector as it is not well structured and not well represented</li> </ul>
<b>I-4.3.1</b>	Reports / stakeholders show that new laws and regulations have been issued and are enforced
<b>I-4.3.2</b>	Reports / stakeholders show that required institutions have been created or developed and are operational
<b>I-4.3.3</b>	Evidence exists of Commission role in strengthening of institutional and regulatory

	frameworks
<b>I-4.3.4</b>	Stakeholders consider that Commission interventions have maximised local government commitment by ensuring they are in line with the government's own agenda, consulting with relevant stakeholders and proposing reforms at the local or sub-national level.
<b>I-4.3.1</b>	<p><b>ENPI East Region+ Ukraine</b></p> <p>The Completion report of the Bank reform programme implemented from 2005, indicates that <i>“Besides advisory activities at the project banks, the project also provided inputs to the NBU in the area of management accounting: the project assisted the NBU in drafting a new accounting regulation, which contains principles of management accounting. The draft regulation is being reviewed by the Parliamentary Judicial Committee, and is expected to be passed into law next year.”</i></p> <p>In the case of the 2008-2010 project “Strengthening of Ukrainian Financial Services Sector”, the Ministry of Finance (MOF) was the Beneficiary of the Project / Project Partner. The Ministry and the three financial regulators and supervisors, the State Commission for Regulation of Financial Services Market (SCRFSM), the State Commission for Securities and Stock Markets (SCSSM) and the National Bank of Ukraine (NBU), were the recipients of the project.</p> <p>The Final report of the project 2008-2010 “Strengthening of Ukrainian Financial Services Sector” indicates that the following key progress benchmarks were achieved:</p> <ul style="list-style-type: none"> <li>• <i>“The Project participated in strategy working groups and contributed substantially to strategy documents developed by all four project beneficiaries. The Project also submitted separate papers giving opinions and recommendations on strategic priorities;</i></li> <li>• <i>The work stream of gap analyses between Ukrainian legislation and EU Directives included the major subject areas of consumer protection and insurance;</i></li> <li>• <i>A considerable number of recommendations, position papers and discussion papers were delivered to beneficiaries, particularly in response to their specific requests. (See Annex VI for the list of deliverables);</i></li> <li>• <i>The Project provided concrete recommendations, such as those on prudential supervision, insurance methodology and legislation, valuation of pension funds, and provided comments on legislation and proposed new regulations (including those to the Law on Banking and Law on Financial Services);</i></li> <li>• <i>The Project has actively assisted with preparation of methodological recommendations and regulations, (for example for the introduction of IFRS by insurance companies, and for stress testing, risk management and actuarial reporting).</i></li> </ul> <p><i>As a result of the Project contact between Ukrainian and E.U. financial regulators has been substantially enhanced, Ukrainian financial sector laws and regulations are converging with those of the E.U., and a substantial amount of training and advice has been delivered both institutionally and personally to the project beneficiaries and their staff.”.</i></p> <p>It terms of concrete achievements in the field of policy support, the report also highlights the following: <i>“The Project has increased awareness of the advantages that approximation to E.U. financial services Directives would bring to the Ukrainian financial sector by setting foundations for improvement in financial supervision, market infrastructure and consumer protection. The Project has advocated a more urgent and organised programme, driven</i></p>

	<p><i>by the Ministry of Finance, to carry this forward.</i></p> <p><i>Significant financial services legislation developed during the Project and by the Project, which has now been accepted and which provides the basis for sustainability of policy support include the following:</i></p> <ul style="list-style-type: none"> <li>• <i>Amendments to the Law of Ukraine ‘on Financial Services and Public Regulation of Financial Services Markets (to establish a legal framework for a unified public financial policy on financial services) - accepted by Minister of Finance, November 2010</i></li> <li>• <i>Law of Ukraine “On amendments and modifications to some laws of Ukraine” (regarding consolidated supervision) – accepted by NBU, November 2010</i></li> <li>• <i>Concept for protection of consumers of non-bank financial services in Ukraine -approved by the Cabinet of Ministers of Ukraine on Sept. 3, 3009.”</i></li> </ul>
	<p><b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b></p>
	<p><b>SME Support in Priority Regions - Ukraine</b></p>
	<p><b>EBRD Ukraine Micro Lending Programme</b></p>
<p><b>I-4.3.2</b></p>	<p><b>ENPI East Region+ Ukraine</b></p> <p>In the case of the 2008-2010 project “Strengthening of Ukrainian Financial Services Sector”, the Final report indicates that the following financial regulators institutions were strengthened; <i>“The leading beneficiary was the Ministry of Finance, and specifically the Department for Financial Services Market Development Policy. They had a continuing sense of their own inability to oversee and influence effectively the performance of the non-bank financial services regulatory authority and the development of financial sector strategy.</i></p> <p><i>The National Bank of Ukraine, as the most independent and experienced authority responsible for the supervision of the dominant banking sector, was heavily engaged with the international financial institutions in banking reconstruction issues and plans. But they sought assistance from the project in elucidating structural regulatory system issues and in drafting amendments to the Banking Law preparing for effective consolidated supervision of financial groups.</i></p> <p><i>The State Commission for Securities and Stock Markets have a wide area of responsibility encompassing disclosure by quoted companies and collective investment management funds as well as securities market trading and settlement systems. They will benefit greatly from familiarisation with international standards and practices, especially in E.U. member countries.</i></p> <p><i>The State Commission for the Regulation of Financial Services Markets is the youngest regulatory authority with the most diverse coverage. It also has been afflicted by relatively high turnover in Commission members and staff. It has consequently needed the most capacity building support.</i></p> <p><i>All three regulatory authorities have arguably given too many financial institutions licences to conduct business consequently magnifying their own subsequent task of supervision. This is one evident lesson of the financial crisis”.</i></p> <p><b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b></p> <p><b>SME Support in Priority Regions – Ukraine</b></p> <p>The Third progress report indicates that the following activities were conducted under Project Component 1: Capacity-Building Support to SCURPE:</p> <p><i>1.1 Formulation of 1 Regional Analysis Paper and 4 Quarterly General SME Analytical Updates;</i></p>

	<p>1.2. <i>Provision of 1 Balance Score Card (BSC) management training course;</i></p> <p>1.3. <i>At the request of SCURPE delivery of 1 Project Cycle Management (PCM) and 1 Sector Wide Approach (SWAP) training course and these instead of the planned Balance Score Card Digital (BSC Digital) management training course;</i></p> <p>1.4. <i>Enhancement of SCURPE know-how and methodology on RIA implementation through, amongst others, specific training and the practical application of RIA on concrete regulatory normative acts. RIA application on 3 normative acts (packaging and solid waste collection and recycling, trade regulations in retail markets and small-scale architectural objects). Provision of 2 Regulatory Impact Assessment (RIA) training courses and awareness seminars to selected Head Office staff members of SCURPE and delivery of 3 RIA awareness seminars on a regional level. Implementation of 1 SME Policy/RIA Study Tour to the United Kingdom and 1 SME Regulatory Framework Study Tour to Germany;</i></p> <p>1.5. <i>Implementation of 3 regional roundtables promoting administrative culture supportive of SMEs. Using the feedback gained, development of 1 guidelines on the role of civil servants in SME development and development of 1 training course to enhance civil servants' understanding of SMEs;</i></p> <p>1.6. <i>Formulation of 1 Concept Paper for direct SME support;</i></p> <p>1.7. <i>Formulation of 1 Practical Cluster Development Guide and implementation of 1 Cluster Study Tour to Hungary;</i></p> <p>1.8. <i>Delivery of 1 SME benchmarking training course to selected staff members of SCURPE and enabling of 1 Company Assessment Form (CAF) company benchmarking tool on project Web Site;</i></p> <p>1.9. <i>Over 50 regional and national training courses, business forums and SME policy-making/SME regulatory events organised since the start of the project;</i></p> <p>1.10. <i>Initiation of English language training courses for selected staff members of SCURPE and formulation of English-Ukrainian Foreign Language Lexicon;</i></p> <p>1.11. <i>Formulation of 1 Investor Relations' Handbook and delivery of 2 national investment seminars;</i></p> <p>1.12. <i>Project Communication and Dissemination permanently carried out through, amongst others, 1 project Web Site, 2,000 project brochures and 2,000 project leaflets, 2 national press conferences, 6 regional media roundtables and development of 100,000 project CD-RoM.</i></p> <p>The final project reports indicates that the following had been conducted under Project Component 1: Capacity-Building Support to SCURPE:</p> <ul style="list-style-type: none"> <li>• <i>Introductory seminar on Trans-European Networks (TENs) for selected central and regional civil servants. The purpose of this seminar was on the one hand to introduce the participants to the main principles and development policies applied for TEN advancement in the European Union</i></li> <li>• <i>Regulatory Impact Assessment (RIA) activities. The support provided has primarily taken the form of question-based mentoring and coaching rather than formal training and actual RIA formulation. In this way, the project tried to ensure a maximum absorption of the RIA principles and methodologies transferred in previous project phases.</i></li> <li>• <i>The project has continued to deliver the English language training courses for selected staff members of SCURPE</i></li> <li>• <i>the project has administratively and financially administered the following specific</i></li> </ul>
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	<p><i>SCURPE-led and project IE-financed activities: (1) Internal SCURPE seminar in Chernihiv Oblast on Permit System, State Regulatory Policy, Licensing and State Registration, (2) Development and printing of 1,000 copies of Volume I of SCURPE's Guiding Manual on "Entrepreneurship Law", (3) SCURPE seminar in Volyn Oblast on Permit System.</i></p> <p>Amongst lessons learnt, the Final project reports mentions:  <u>"Lesson 3: Institutional Training Support to Beneficiaries</u>  <i>Over the duration of the project a wide range of institutional training seminars were delivered to the project beneficiaries, at the forefront, SCURPE. Overall these activities have been well received by the recipients and many of the concepts and approaches thus transferred have been absorbed by the training participants and are now used in their daily work approach.</i>  <i>However, with the European Union's continued drive to further responsabilise local Beneficiaries in the identification, programming and implementation of technical assistance interventions, especially within the framework of the so-called European Neighbourhood Programme (ENP), further support, through amongst others training activities, in the skills required to assume such enhanced responsibilities would be more than welcome."</i> (Final Project Report).</p>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-4.3.3</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-4.3.4</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>JC 4.4</b>	<b><i>The strengthening of the institutional and regulatory framework has contributed to the creation, better functioning and growth of enterprises</i></b>
<b>Findings at JC level</b>	No evidence of this.
<b>I-4.4.1</b>	Evidence that enterprises have benefited from an improved framework and environment
<b>I-4.4.1</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>

<b>EQ 5</b>	<b>To what extent did the Commission contribute to improve access to finance by enterprises?</b>
<i>JC 5.1</i>	<i>The Commission's support was informed by an analysis of the country/region's main constraints in terms of access to finance for enterprises (whether they were primarily on the demand or on the supply side or both)</i>
<b>Findings at JC level</b>	Stakeholders consider access to finance as a major problem (very high interest rates). Focus on strengthening financial regulation and supervision, less on access to finance. Several activities conducted to support the supply side, both at I&R level and at financial intermediaries level.
<b>I-5.1.1</b>	Existence of documented analysis of the countries'/regions main constraints in terms of access to finance (demand and supply side)
<b>I-5.1.2</b>	In its strategy/programming documents the Commission refers to these analyses
<b>I-5.1.3</b>	Stakeholders, in particular from the private sector, consider that the constraints identified are the right ones
<b>I-5.1.4</b>	The Commission support was geared towards tackling the constraints identified in these analyses
<b>I-5.1.5</b>	Number of Commission interventions in the area of access to finance that have been conducted in cooperation with other financial institutions
<b>I-5.1.1</b>	<p><b>ENPI East Region+ Ukraine</b></p> <p>Major obstacles to sustained growth are the incomplete structural transformation of the economy, including the weak banking system, and the still unpredictable investment climate, with often unclear laws and regulations and uneven and arbitrary enforcement. The economy still suffers from a lack of functioning market institutions and weak legal protection and there are many barriers to foreign traders and investors. In spite of some improvements since 2000, foreign direct investment in Ukraine remains low. Apart from formal restrictions related to land ownership, FDI is hampered by, e.g. interference by the authorities in enterprise operation and advantages given to statecontrolled firms. Ukraine has started to address this problem by putting in place new legislation on competition and monopolies. Many responsibilities, in the past covered by the central government, were passed on to local authorities that lack the resources to take on these functions. (Ukraine CSP2002-2006 – p7)</p> <p>The banking sector is underdeveloped and unable to support economic modernisation and growth. There is a need for restructuring the sector, improve its regulatory environment and create new targeted financial schemes. (Ukraine CSP2002-2006 – p9)</p> <p>In agriculture, further massive restructuring is required at the farm level, while farm organisation and agricultural credit remain major bottlenecks. (Ukraine CSP2002-2006 – p9)</p> <p>Since 1992, the International Bank for Reconstruction and Development (World Bank) has lent about USD 3 billion to Ukraine for 21 adjustment loans (financial sector, enterprise development and coal sector), assistance projects and guarantee operations. (Ukraine CSP2002-2006 – p14)</p> <p>The Final report of the 2008-2010 project 'strengthening of Ukrainian financial</p>



	<p>services sector' highlights the country's obstacles at the time: <i>"In the four years preceding the start of the project both the economy and financial markets of Ukraine enjoyed reasonable international support. Nevertheless there were recognised to be problems of imbalances in the financial system, and lack of a coherent strategy for development of the financial sector. These underlying weaknesses, recognised in the terms of reference, were only made more evident when, almost from the start of the project, the international banking crisis, the fall of the stock market and other asset prices, and global recession all brought harsher conditions to Ukraine. Allied with this was the dramatic fall in the currency from approximately 5 UAH to 1 US\$ to 8 UAH to 1 US\$, the effect of which was felt particularly severely because so many bank loans were denominated in foreign currency or were tied to foreign currency exchange rates. Of necessity the major role in providing external financial support and recapitalisation of selected banks in difficulty was taken by the I.M.F. and World Bank, but the project was able to play a valuable role in focussing on some key institutional issues and in building capacity of the regulatory authorities"</i>.</p>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-5.1.2</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-5.1.3</b>	<b>ENPI East Region+ Ukraine</b>
	<p><b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b></p> <p>According to the targeted objectives quoted below, the intervention can be considered responding to constraints in accessing finance. However, how these objectives and associated constraints to be overcome have been identified is not specified in the consulted documents.</p> <p><i>« The objective of the Framework and its associated individual TC activities for the Financial Institutions sector in the region are the following:</i></p> <p><i>a) Improving efficiency, effectiveness and transparency of the financial sector, resulting in the provision of better access to financing for enterprises, particularly MSMEs;</i></p> <p><i>b) Creating successful and healthy institutions that finance the real economy, operate on market principles and follow sound business practices, thus supporting sustainable financial intermediaries. » (Contribution Agreement, annex I, p3-4)</i></p>
	<b>SME Support in Priority Regions - Ukraine</b>
	<p><b>EBRD Ukraine Micro Lending Programme</b></p> <p>The intervention can be considered responding to constraints in accessing finance in the sense that it is an EC contribution to an old (12 years?) and well established EBRD programme (EBRD's Ukraine Micro Lending Programme – UMLP). The European Union support to technical assistance in this scheme contributes to the main project's expansion efforts, including activities in urban areas, implementation of the Programme in new partner banks, and a partial roll-out of rural and agricultural lending. But the rationale justifying these specific extension focus is not reported in the consulted documents.</p>

	<p>“Since September 2008 the UMLP has actively helped the existing partner institutions to switch into "crisis mode". To address these enormous challenges for all of the UMLP partner banks, the consultant's work additionally focused on supporting them in the areas of loan portfolio quality and arrears management. »</p>
I-5.1.4	<p><b>ENPI East Region+ Ukraine</b></p> <p>The TACIS Ukraine action programme 2003 indicates that “Activities in the area of support to the private sector and assistance for economic development will focus on three priorities: <b>support for tax reform</b>; the development of a policy environment and administrative culture of SME growth in targeted priority development regions, including co-operation with IFC; and rural development through support for development of insurance market in the agriculture sector”.</p> <p>The planned budgetary allocation was, as follows:</p> <p>2. Support to the Private Sector and Assistance for Economic Development: €8m</p> <ul style="list-style-type: none"> <li>• <b>Taxation reform</b></li> <li>• Improvement of Risk Management Capacity of SMEs in Agriculture</li> <li>• SME support services in priority regions</li> <li>• Reduction of regulatory and administrative barriers for SMEs and start-ups</li> </ul> <p>(source: The TACIS Ukraine action programme 2003).</p> <p>In relation to this, the EC funded a Bank Sector Reform programme in the Ukraine. It aimed to “facilitate the efficient response of the Ukrainian banking sector to the reform efforts and strategy pursued by the National Bank of Ukraine. The project is to assist the implementation of industry practices and increase efficiency of Ukrainian banks in line with best international standards » (Completion Report).</p> <p>In addition, the 2008-2010 project “Strengthening of Ukrainian Financial Services Sector” whose beneficiaries were the Ministry of Finance (MOF) and the three financial regulators and supervisors, the State Commission for Regulation of Financial Services Market (SCRFSM), the State Commission for Securities and Stock Markets (SCSSM) and the National Bank of Ukraine (NBU) was aimed at:</p> <ul style="list-style-type: none"> <li>• <i>Improved investment climate and enhanced trade</i></li> <li>• <i>Strengthened central banking and prudential regulatory, supervision and enforcement framework approximated to the EU</i></li> <li>• <i>Enhanced capacity of all regulatory authorities in accordance with international norms and standards</i></li> <li>• <i>Systematic use of a regulatory feedback system</i></li> <li>• <i>Enhanced integration into European regulatory and supervisory networks</i></li> <li>• <i>Improved and efficient financial services infrastructures</i></li> </ul> <p>(Source: Final Project document).</p> <p><b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b></p> <p><b>SME Support in Priority Regions - Ukraine</b></p> <p><b>EBRD Ukraine Micro Lending Programme</b></p>
I-5.1.5	<b>ENPI East Region+ Ukraine</b>

	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>JC 5.2</b>	<b><i>At the macro-level, the Commission has addressed the constraints in the business environment for larger enterprises and MSMEs to develop</i></b>
<b>Findings at JC level</b>	The SME sector is still underdeveloped. It is especially necessary to facilitate the access of SMEs to finance and qualified advisory services, including in agrobusiness. The underdeveloped state of the Ukrainian financial sector and its inability to provide sufficient credit, including to SMEs, continue to impede economic growth. A restructuring programme for Ukrainian banks and liquidation proceedings against insolvent banks are part of the financial sector reform policies agreed with the IMF. (Ukraine CSP2002-2006 – p23).
<b>I-5.2.1</b>	Steps were taken to facilitate the creation of formal enterprises, through accessible procedures of registration
<b>I-5.2.2</b>	The Commission has supported the regulatory environment of financial intermediaries to facilitate their lending to, and/or investment in, MSMEs
<b>I-5.2.1</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-5.2.2</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b> this intervention focuses on building (internal) capacities of Partner Banks in lending to MSMEs, not on the regulatory environment.
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b> this intervention focuses on building (internal) capacities of Partner Banks in micro business lending, not on the regulatory environment.
<b>JC 5.3</b>	<b><i>Support targeted enterprises that were facing difficulties in obtaining financial products and services</i></b>
<b>Findings at JC level</b>	Limited information.
<b>I-5.3.1</b>	The Commission had a specific approach to identify those enterprises that were facing difficulties in obtaining loan and investment funding
<b>I-5.3.2</b>	The Commission identified the specific constraints these enterprises were facing
<b>I-5.3.3</b>	The Commission support was geared to these enterprises and aimed at tackling their specific constraints, including specifically for MSMEs (core constraints of lack of capitalisation and lack of collateral)
<b>I-5.3.1</b>	<b>ENPI East Region+ Ukraine</b>

	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-5.3.2</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-5.3.3</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b> This intervention focuses on building (internal) capacities of Partner Banks in lending to MSMEs. But it is not reported in the consulted documents that the support was designed to support enterprises facing difficulties in obtaining loan.
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
	It is not reported as such in the consulted documents that the support targeted enterprises that were facing difficulties in obtaining loan but the overall focus on micro-finance and the choice of certain targets (e.g. roll-out of rural and agricultural lending) may indicate such an intention in the intervention.
<b>JC 5.4</b>	<b><i>At the meso-level, the Commission has supported the intermediary organisations supporting enterprises (large and MSMEs)</i></b>
<b>Findings at JC level</b>	No evidence of this;
<b>I-5.4.1</b>	Stakeholders consider that the Commission has selected those private sector representative organisations that have a real impact
<b>I-5.4.2</b>	Intermediary Organisations supported by the Commission have, during the period of support, implemented activities designed to increase capacity of private sector enterprises to obtain funding from bank or non-banking institutions
<b>I-5.4.1</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-5.4.2</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>JC 5.5</b>	<b><i>The ability of enterprises to obtain loan and investment funding has been</i></b>

	<i>strengthened</i>
<b>Findings at JC level</b>	Limited information.
<b>I-5.5.1</b>	Improvements in enterprises' capacities to submit bankable dossiers and evidence provided in this respect
<b>I-5.5.2</b>	Improvements in enterprises' accounting practices and evidence provided in this respect
<b>I-5.5.3</b>	Improvements in dealing with enterprises' lack of capitalisation (e.g. through seed money, venture capital) and lack of collateral (e.g. guarantee schemes) and evidence provided in this respect
<b>I-5.5.1</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-5.5.2</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-5.5.3</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b> The reports consulted do not focus on the increased capacity of enterprises to obtain loans but on the capacity of Partner Banks to contract (quality) loans. See also JC 3.4.
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b> The reports consulted do not focus on the increased capacity of enterprises to obtain loans but on the capacity of Partner Banks to contract loans, as well as on the number and amounts of the loans contracted by the Partner Banks, with an apparent preference for long and low-risk loans.
<b>JC 5.6</b>	<b><i>Supported financial institutions have improved their ability to mobilise financial products and services</i></b>
<b>Findings at JC level</b>	Several activities conducted to support the supply side, both at I&R level and at financial intermediaries level:

	I&R	Financial intermediaries (FIs)
		Bank sector reform (2004) – “assist banks in the implementation of industry practices and increase efficiency of Ukrainian banks in line with best international standards »
	Support of the Process of Adapting the Ukrainian Banking Sector to the Laws, Standards and Principles of the EU (2005) – no information	EBRD UMLP (2006) – support to TC to assist in establishing and building up micro business lending departments in FIs
	Strengthening of Ukrainian financial services sector (2008) - Strengthened central banking and prudential regulatory, supervision and enforcement framework approximated to EU	SME Finance Support to Regional Banks and Banks with Large Regional Branch Network (2006) – no information
I-5.6.1	Commission strategy and programming documents foresee support for the mobilisation of private funding sources including private savings	
I-5.6.2	Commission strategy and programming documents foresee support for more efficient financial markets	
I-5.6.3	Central Bank monitoring data show an increase and diversification of private funding sources including private savings	
I-5.6.4	Stakeholders consider there is a linkage between the observed evolutions in funding mobilisation and the Commission's support	
I-5.6.5	Local financial institutions have improved their mobilisation and intermediation to effectively channel resources and adapt financial services/products to the needs of local enterprises and notably of MSMEs	
I-5.6.1	<p><b>ENPI East Region+ Ukraine</b></p> <p>The EC funded a Bank Sector Reform programme, which started in 2005, and aimed at facilitating the efficient response of the Ukrainian banking sector to the reform efforts of the National Bank of Ukraine. The project aimed to increase efficiency of Ukrainian banks in line with best international standards.</p> <p>Project activities started with the diagnostic review of 16 banks, which took place between September and Mid November 2004. Based on diagnostic reports, the EC Delegation selected ten banks for the implementation phase of the project.</p> <p>According to the Completion report, “the diagnostic Review of the banks found that most banks were having similar <i>problems, whereby the severity of such problems varied from bank to bank. The exception to this situation was perhaps formed by Bank Ukersots, which had undergone a restructuring with the help of Tacis in early 2000. Typical common issues were:</i></p> <ul style="list-style-type: none"> <li>- <i>dysfunctional organisation structures with illogically grouped responsibilities of senior management, and unclear strategies;</i></li> <li>- <i>a battle for market share through the rapid expansion of the physical network of a bank with little attention for or ability to measure efficiency and real profitability of the network;</i></li> <li>- <i>focus on product sales rather than on client orientation, and little attention to service quality,</i></li> <li>- <i>a large degree of decentralised transactional processing,</i></li> <li>- <i>underdeveloped risk management practices,</i></li> <li>- <i>poor planning and MIS capabilities combined with a lack of modern IT systems.</i></li> </ul> <p><i>The Project developed advisory programs per bank, which were intended to create changes which would address the above shortcomings over a reasonable period of time. The project realised at the</i></p>	

	<i>same time that the effect of many measures would be felt only after project completion”.</i>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-5.6.2</b>	<p><b>ENPI East Region+ Ukraine</b></p> <p>The EC funded a Bank Sector Reform programme, which started in 2005, and aimed at facilitating the efficient response of the Ukrainian banking sector to the reform efforts of the National Bank of Ukraine. The project aimed to increase efficiency of Ukrainian banks in line with best international standards.</p> <p>According to the Completion Report, the project consisted of a Bank Advisory component and a Training component. The Bank Advisory was undertaken with a 10 banks selected by the Delegation of the European Commission to Ukraine. The Training was provided to staff of the National Bank of Ukraine (NBU), and Participating Banks as well as Commercial Banks in Ukraine.</p> <p>Project activities started with the diagnostic review of 16 banks, which took place between September and Mid November 2004. Based on diagnostic reports, the EC Delegation selected ten banks for the implementation phase of the project. This selection was made in December 2004. In January 2005, individual advisory programs for each bank participating in the implementation phase of the project were finalised.</p> <p>The planned outputs were:</p> <ul style="list-style-type: none"> <li>- Diagnostics of 16 banks</li> <li>- Implementation work plans</li> <li>- Development of Credit and Risk Management (including Operational Risk) at the selected participating banks</li> <li>- Development of Financial Control &amp; Cost Management Function of the selected participating banks</li> <li>- Development of Internal Audit Function in the selected participating banks</li> <li>- Development of General Management and Corporate Governance Function in the selected participating banks</li> <li>- Development of Branch Network Management Function in the selected participating banks</li> <li>- Training to NBU staff</li> <li>- Training to Participating Banks</li> <li>- Dissemination of knowledge to Ukrainian banking sector</li> </ul>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<p><b>EBRD Ukraine Micro Lending Programme</b></p> <p>According to the EU Contribution agreement to the EBRD Ukraine Micro Lending Programme Regional Expansion 2008-2009, the intervention aimed to support the EBRD's Ukraine Micro Lending Programme ("UMLP"), which consists of an investment/lending programme (the "Investment Programme") and a technical cooperation programme (the "TC Programme") dedicated to providing finance to micro and small enterprises (MSEs) through formal banking</p>

	<p>intermediaries. In particular, the intervention aimed to fund ongoing TC to continue to assist establishing and building up micro business lending departments in financial intermediaries ("Partner Banks" or "PBs") and to advise on credit decisions for sub-loans offered by PBs under the UMLP.</p> <p>The UMLP currently co-operates with seven PBs: Avalbank, KreditProm Bank, Forum Bank, Nadra Bank, Privatbank and ProCredit Bank and most recently with Kredobank. Two to three new PBs will be added during the implementation period of the Action. Under the UMLP Investment Programme, the PBs provide sub-loans in amounts of up to USD 10,000 (this category includes express micro loans) for micro enterprises and up to USD 200,000 for small and medium enterprises. Since the Programme's inception in 1998, 317,605 loans worth € 158 billion have been granted to Ukrainian entrepreneurs across the country (to August 2006). Over 12,600 loans are disbursed each month Arrears over 30 days currently stand at a very low 0.91 % overall Pro Credit Bank Ukraine, the specialised micro finance bank set up by EBRD and other international financial institutions, continues to expand and provides for 30% of monthly lending in the EBRD programme It continues to have a noticeable demonstration effect on other partner banks, leading to increased competition and ultimately better services for the MSEs (as shown by the deepening outreach of commercial banks into the sector).</p> <p>The objectives of the intervention were:</p> <ul style="list-style-type: none"> <li>▪ design and implement a micro and small lending scheme with new PBs and branches of existing PBs which EBRD has identified;</li> <li>▪ design and implement tailored approaches for MSE lending, e.g. MSE finance specific credit scoring, new MSE finance products, training of trainers, advanced data collection MIS;</li> <li>▪ institution building and staff training within the PBs/their branches in chosen regions in the development of its branch network;</li> <li>▪ provision of advice in respect of sub-loan decisions, portfolio monitoring and loan recoveries; and</li> <li>▪ regular and detailed reporting on the progress of the UMLP, particularly the TC Programme, including the financial health of the PBs (to the extent discernable) and on macroeconomic factors affecting the UMLP and other items of interest.</li> </ul> <p><i>“To address these enormous challenges for all of the UMLP partner banks, the consultant's work additionally focused on supporting them in the areas of loan portfolio quality and arrears management.”.</i></p>
<b>I-5.6.3</b>	<p><b>ENPI East Region+ Ukraine</b></p> <p><b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b></p> <p><b>SME Support in Priority Regions - Ukraine</b></p> <p><b>EBRD Ukraine Micro Lending Programme</b></p>
<b>I-5.6.4</b>	<p><b>ENPI East Region+ Ukraine</b></p> <p><b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b></p> <p><b>SME Support in Priority Regions - Ukraine</b></p>



	<p><b>EBRD Ukraine Micro Lending Programme</b></p> <p>The Final project report indicates that:</p> <p><i>“The period from April 2008 to March 2009 (actually until September 2008) was a relatively successful period in terms of UMLP expansion, in particular with the currently active partner banks. Key achievements which were made possible partly through EU funding include the following:</i></p> <ul style="list-style-type: none"> <li>• <i>During the one-year period covered by this report, the UMLP partner banks disbursed around 5,500 loans totalling USD 58 million every month on average. The record month was April 2008, in which 12,900 loans amounting to USD 132 million were issued to Ukrainian MSMEs. However, these averages mask substantial differences between the scale of the Programme's lending activities in the pre-crisis period and since the start of the crisis.</i></li> <li>• <i>In all, approximately USD 366 million and 34,508 loans were issued during the reporting period.</i></li> <li>• <i>The outstanding portfolio as of the end of March 2009 exceeded USD 329 million and 41,817 loans.</i></li> <li>• <i>As of the end of March 2009, the number of active clients came to 35,740.</i></li> <li>• <i>As of the end of March 2009 the average outstanding loan amount came to USD 7,879.</i></li> <li>• <i>Currently, UMLP partner banks cover more than 76 cities in all 25 oblast regions</i></li> <li>• <i>As of the end of March 2009, loans in arrears over 30 days accounted for 13.4% of the total outstanding loan portfolio and 15.5% of the total number of loans. These figures have to be seen in the light of the ongoing financial crisis, which struck a severe blow to the Ukrainian economy.</i></li> <li>• <i>Over the 12-month period, 544 loan officers and other staff were trained.</i></li> <li>• <i>Over the last year, with the support of EU funding, the UMLP implemented MSE lending units with more than two loan officers in 22 regional branches and sub-branches, and 29 city outlets. »</i></li> </ul> <p><i>“Over the 12-month period, 544 loan officers and other staff were trained” and “Over the last year, with the support of EU funding, the UMLP implemented MSE lending units with more than two loan officers in 22 regional branches and sub-branches, and 29 city outlets.”(final report)</i></p>
I-5.6.5	<p><b>ENPI East Region+ Ukraine</b></p> <p>On the Bank Reform Programme implemented from 2005, the Completion Report indicates that :</p> <ul style="list-style-type: none"> <li>• the Bank Advisory component of the programme yielded the expected results but <b>with differences from bank to bank:</b> <i>« Aimed at improving bank operations in accordance with international best practice, and concentrated in five priority areas, being General Management &amp; Corporate Governance, Credit &amp; Risk Management, Branch Network Development, Financial Control &amp; Cost Management, and Internal Audit. The project approach was to initially focus advisory activities on institution building elements of the work programs, such as the development of new organization structure, review of medium term strategy, etc. <b>Subsequently advisory activities were expanded to include more technical areas, such as Risk Management, Finance in all its aspects, and Internal Audit.</b>”</i> And <i>“the speed of implementation of advice in the technical areas has differed from bank to bank. This is linked to the varying capacity to convert methodology into models and processes that fit the characteristics of each bank, but also to the absence of the</i></li> </ul>

	<p><b>required systems support.</b> <i>This is especially true for topics such as Management Accounting, where collection and processing of specific data is indispensable. The absence of sufficient information and the non-automated calculation of profitability have been hampering the implementation efforts.</i>”. The report also highlights that “<b>Where tangible changes in processes or structures have not taken place yet, we feel that at least the mindset of senior and middle management has changed and that they are aware that implementation of our advice is needed. This is an important first step in the change process, and it gives confidence that required changes will take even when the project is completed</b>”.</p> <ul style="list-style-type: none"> <li>• On the use of the trainings to staff of the NBU and to Participating Banks (PABs) and commercial banks, the Completion Programme also indicates that: “<i>in the case of training of the NBU staff, after having conducted a sequence of seminars on Corporate Governance and Basel II, the project –at the request of the National Bank- also conducted a number of training seminars on subjects that were already covered under the training program for the PABS / commercial banks. The seminars for the PABs / commercial banks dealt with areas which were considered of importance to the further strengthening of those banks’ operations. Feedback from participants, both of the NBU and the PABS / commercial banks has been consistently positive. The knowledge that has been transferred during the seminars is being used by the recipients of this training. We have noticed during our advisory at a number of banks that materials handed out during the seminars are being used as reference material</i>”;</li> <li>• <i>Two study trip were organised in February and September 2006 for representatives of the project banks to the ING affiliate in Poland, ING Bank Slaski. During these trips the participants were given presentations by ING Bank Slaski managers and staff about a number of topics. They were taken on site visits, such as branches, specialised retail outlets, and Call Center, to show them the practical application of concepts promulgated by the project.</i></li> </ul> <p>On the sustainability of the project’s achievements, the Completion report indicates that: “<i>Sustainability of the results achieved in general is seen as good. Many of the recommendations, even if not implemented in practice yet, are being captured in internal regulations and formal procedures of banks. This internalisation of advice forms a good basis for sustainability of results over the longer term. A general problem in terms of conserving the know-how that has been transmitted by the project is the high turnover at staff at the project banks. Even if materials documenting the advice and methodologies provided by the project are available at banks, the human factor of staff having been exposed directly to the project work plays an important role in the preservation and application of know-how. Part of this know-how leaves the banks when key staff involved in the project leaves. On a more positive note, it can be said at the same time, that the circulation of such staff within the banking industry forms a source of knowledge and information for banks that have not benefited from an involvement in the project.</i>”.</p> <p><b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b></p> <p>The intervention clearly focuses on the capacity of Partner Banks to contract (quality) loans. According to the available reports, the different segments of the intervention are progressing well overall, some better than others, including one to be de-committed and another one terminated. Difficulties encountered are essentially reported as being due to the 2008 economic crisis. For more detail see</p>
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JC 3.4.
<b>SME Support in Priority Regions - Ukraine</b>
<p><b>EBRD Ukraine Micro Lending Programme</b></p> <p>the reports consulted do not focus on the increased capacity of enterprises to obtain loans but on the capacity of Partner Banks to contract loans, as well as on the number and amounts of the loans contracted by the Partner Banks, with an apparent preference for long and low-risk loans.</p> <p>In the above-mentioned respect, the intervention is performing well according to the reports consulted, except In the last quarter of 2008, when the Ukrainian banking sector was hit by the global financial crisis, which led to serious problems for the country's financial markets. Banks stopped providing loans to clients, clients withdrew their deposits, and arrears rates started to rise sharply. To address these enormous challenges for all of the UMLP partner banks, the consultant's work additionally focused on supporting them in the areas of loan portfolio quality and arrears management.</p> <p>Please note the following quotes from the final report :</p> <p><i>« Breaking down the overall statistics by partner bank, mature partner banks remain the most active lenders in the Programme. » (p5)</i></p> <p><i>« Strong MSME lenders that had previously been included in the portfolio stopped providing disbursement figures during the reporting period. » (p5)</i></p> <p><i>« Due to the financial crisis and ongoing liquidity problems most of the banks stopped lending. »(p7)</i></p> <p><i>« The scale of the impaired loans problem was significantly increased by the relatively heavy debt burden of their MSME clients, which in turn was due not least of all to the aggressive practices of some of the lenders in the market, who preferred to expand their business with a no-questions-asked approach and did not hesitate to « offload » their excess funds onto borrowers already being served by other banks. » (p8)</i></p> <p><i>« Since the end of 2008 all current and graduated UMLP partner banks have been focusing strongly on loan portfolio quality. » (p8)</i></p> <p><i>« In the UMLP, the handover process called 'graduation' means that the partner bank begins to work without the intensive advisory and monitoring function of the consultancy company, while maintaining its focus on MSME lending, regional outreach and the good quality of its MSME loan portfolio. Therefore, completion of the graduation process is ultimately a sign of the successful implementation of the project. » (p17)</i></p> <p><i>« Compared to earlier phases, the environment in which the UMLP operates has changed significantly. The current global financial crisis and its impact on banks and MSMEs in Ukraine requires increased attention to the issues of ensuring portfolio quality and stabilising new or existing MSME lending business.</i></p> <p><i>The main tasks in the upcoming period will be to support the partner institutions actively in their efforts to master the challenges resulting from the financial crisis. The focus will be on supporting ongoing institution-building processes in partner institutions, implementing new lending approaches, i.e. agricultural lending, and adapting existing structures, processes and procedures to</i></p>

	<p><i>the changing environment.</i></p> <p><i>The consultant will provide extensive support in the area of portfolio quality management (including management training) both in the head office and on a regional level. Portfolio quality management covers, but is not limited to, organisational and administrative aspects (including tools, procedures and processes), personnel and technical aspects (IT and risk management components).</i></p> <p><i>Furthermore, the consultant will assist in structuring the MSME loan portfolio, including agricultural loans.</i></p> <p><i>All of these measures will be accompanied by trainings, seminars and workshops for senior and middle managers, loan officers and back-office staff on all topics relevant to crisis response. On top of this, training on specific topics in rural and agricultural lending (relevant to crisis response) will be provided as requested by the UMLP partner banks. » (p24)</i></p>
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<b>JC 5.7</b>	<b><i>Among MSMEs, the Commission has addressed the constraints of micro-enterprises</i></b>
<b>Findings at JC level</b>	Limited information.
<b>I-5.7.1</b>	The Commission has analysed the specific problems of micro-enterprises in countries of intervention
<b>I-5.7.2</b>	The Commission has addressed the capacity problems of micro-enterprises in terms of submitting bankable financing requests to financial intermediaries
<b>I-5.7.3</b>	The Commission has addressed the capacity problems of micro-enterprises in terms of management capacity, accounting, and transparency
<b>I-5.7.4</b>	Evidence that MSMEs have improved their access to finance and role of the Commission support in this respect
<b>I-5.7.1</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-5.7.2</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-5.7.3</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-5.7.4</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b> MSMEs are targeted by the intervention but with limited focus on a specific size-category among this group. Additionally, the intervention does not focus on the increased capacity of enterprises to obtain loans but on the capacity of Partner Banks to contract (quality) loans.
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b> According to its title, the intervention focuses primarily on micro-enterprises but is open to other (small) business sizes. In the consulted documents there is no clear or specific rationale justifying this specific focus.

<b>EQ 6</b>	<b>To what extent did the Commission contribute to a better ability of enterprises, in particular SMEs, to compete and to access technology and new markets?</b>
<b>JC 6.1</b>	<b><i>The Commission's support to enterprise competitiveness was targeted on the basis of an analysis of the main shortcomings of enterprises in terms of competitiveness</i></b>
<b>Findings at JC level</b>	<p>On needs:</p> <ul style="list-style-type: none"> <li>• SMEs lack knowledge in corporate finance, marketing and sales, and overall business planning</li> <li>• BSO have been weak, rely on donor money, very instable, ill protected; some for which independence has been questioned.</li> </ul> <p>Support over 2004-2007:</p> <ul style="list-style-type: none"> <li>• EBRD instrument partly funded by EC: Enterprise growth programme: Cost-shared coaching and skills transfer from managers from OECD countries from same industry sectors to change operations</li> <li>• Three SME-support projects with SCURPE as main counterpart: <ul style="list-style-type: none"> <li>○ "SME Support in Priority Regions" (2006) (to provide capacity building support to three levels of project actors: 1) SCURPE, 2) Business Development Services (BDS) Facilitators, Kyiv-based NGOs specified in the ToR, and 3) BDS Providers in regions");</li> <li>○ "Support to the Development of Business Capacity of Ukrainian SMEs – International Dimension";</li> <li>○ "SME charter political dialogue"</li> </ul> </li> </ul> <p>Support over 2007-2010:</p> <ul style="list-style-type: none"> <li>• EBRD instrument partly funded by EC: Business Advisory Services (co-funding of consulting services e.g. Management, IT, international quality standards)</li> <li>• Some EC projects focused on innovation, «Joint Support Office for Enhancing Ukraine's Integration into the European Research Area" (2009); "Support to Knowledge-based &amp; Innovative Enterprises and Technology Transfer to Business in Ukraine" (2009), supporting innovative SMEs through technological incubators, technological parks.</li> <li>• In 2009, UKR joined European Charter of SMEs.</li> </ul>
<b>I-6.1.1</b>	Existence of documented analysis of the main shortcomings of enterprises in terms of competitiveness, including forward studies and surveys of key sectors or subsectors in regions/countries concerned
<b>I-6.1.2</b>	In its strategy/programming documents the Commission refers to these analyses
<b>I-6.1.3</b>	Stakeholders, in particular from the private sector, consider that the shortcomings identified are the right ones
<b>I-6.1.4</b>	The Commission support was geared towards tackling the shortcomings identified in these analyses
<b>I-6.1.5</b>	A critical mass of enterprises facing competitiveness problems (grouped by sector, or by potential exporting enterprises) has been targeted
<b>I-6.1.6</b>	PSD programming in the area of BDS and non-financial service provision has

	targeted sustainable reinforcement of the structures and functioning of local markets (as per Recommendation RI-2 of the 2005 Evaluation)
<b>I-6.1.7</b>	Number of BDS interventions aimed at reinforcing local BDS markets versus the number of interventions providing direct BDS services
<b>I-6.1.1</b>	<p><b>ENPI East Region+ Ukraine</b></p> <p>Major obstacles to sustained growth are the incomplete structural transformation of the economy, including the weak banking system, and the still unpredictable investment climate, with often unclear laws and regulations and uneven and arbitrary enforcement. The economy still suffers from a lack of functioning market institutions and weak legal protection and there are many barriers to foreign traders and investors. In spite of some improvements since 2000, foreign direct investment in Ukraine remains low. Apart from formal restrictions related to land ownership, FDI is hampered by, e.g. interference by the authorities in enterprise operation and advantages given to statecontrolled firms. Ukraine has started to address this problem by putting in place new legislation on competition and monopolies. Many responsibilities, in the past covered by the central government, were passed on to local authorities that lack the resources to take on these functions. (Ukraine CSP2002-2006 – p7)</p> <p>Progress has been made with the conclusion of a new agreement on trade in textiles, which has resulted in the removal of quotas for Ukrainian exports to the EU, and which should encourage investment in the sector. (Ukraine CSP2002-2006 – p8)</p> <p>Enterprises lack knowledge in corporate finance, marketing and sales, and overall business planning. An ambitious management training programme was launched in 2000, in order to train a critical mass of managers to support the reform process in Ukraine, through in-country re-training and internships in foreign companies. There is an emerging consensus in Ukraine on the significance of entrepreneurship as the driving force for transition and innovation, as well as on the need for having an equal playing field, as a pre-condition for successful promotion of SMEs. The regulatory picture improved in 2000 with the adoption of two laws on support to SMEs, creating favourable conditions and environment for business development. (Ukraine CSP2002-2006 – p8)</p> <p><b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b></p> <p><b>SME Support in Priority Regions - Ukraine</b></p> <p>The Inception report gave a detailed account of the obstacles to SME development in Ukraine:</p> <p><i>“As in Western countries, the SME sector in Ukraine could act as an important catalyst to transform the current Ukrainian economy into a strong market economy. However, a recent survey sponsored by the European Commission<sup>1</sup>, identified the following business environment impediments that hamper the development of an even more successful SME sector:</i></p> <p><i>1. Perception of State Bodies and Authorities</i></p> <p><i>According to the survey, Ukrainian SMEs viewed the performance of the central and local authorities as poor due to:</i></p>

<sup>1</sup> IFC 2005 Business Environment in Ukraine Survey

	<ul style="list-style-type: none"> <li>▪ <i>Frequent changes to legislation;</i></li> <li>▪ <i>Payment of “unofficial” payments to civil servants;</i></li> <li>▪ <i>Inability to defend entrepreneurial rights within existing Ukrainian judicial system or business associations.</i></li> </ul> <p><i>2. Taxation</i></p> <p><i>According to the survey, Ukrainian SMEs viewed taxation as one of the most important business development impediments for their business. In particular, they complained about:</i></p> <ul style="list-style-type: none"> <li>▪ <i>Frequent changes to taxation rules;</i></li> <li>▪ <i>Complicated taxation procedures;</i></li> <li>▪ <i>Difficulties in calculation taxation due;</i></li> </ul> <p><i>As a result, a significant portion of Ukrainian SMEs “underrepresent” their revenue for taxation purposes.</i></p> <p><i>3. Permits</i></p> <p><i>In this area, the survey respondents criticised the following issues:</i></p> <ul style="list-style-type: none"> <li>▪ <i>Broad scope of business activities requiring permits;</i></li> <li>▪ <i>Complexity and long duration for obtaining permits;</i></li> <li>▪ <i>Necessity to pay “unofficial” payments to obtain permits;</i></li> <li>▪ <i>Expensive procedure to obtain permits.</i></li> </ul> <p><i>4. Inspections</i></p> <p><i>According to the survey, Ukrainian SMEs considered the current inspection regime inadequate due to the:</i></p> <ul style="list-style-type: none"> <li>▪ <i>High incidence of state body inspections;</i></li> <li>▪ <i>High cost of state body inspections;</i></li> <li>▪ <i>Ineffectiveness of these state inspections to detect and avoid violations.</i></li> </ul> <p><i>5. Export Regulations</i></p> <p><i>In the area of foreign trade, the Ukrainian SME survey respondents complained about:</i></p> <ul style="list-style-type: none"> <li>▪ <i>Difficult and complex foreign trade regulations;</i></li> <li>▪ <i>Problems with VAT re-imburement;</i></li> <li>▪ <i>Lack of funds to engage in foreign market research and promotion.</i></li> </ul> <p><i>6. Other</i></p> <p><i>Other problems and deficiencies mentioned by the Ukrainian SMEs participating in the survey included:</i></p> <ul style="list-style-type: none"> <li>▪ <i>High cost for registering or re-registering a business;</i></li> <li>▪ <i>The high cost, long waiting period and frequent changes in the applicable regulations for obtaining a business license;</i></li> <li>▪ <i>The need to obtain conformity certificates for both product components and finished products;</i></li> <li>▪ <i>Problems in accessing affordable sources of external funding.”</i></li> </ul>
	<p><b>EBRD Ukraine Micro Lending Programme</b></p>
I-6.1.2	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions – Ukraine</b>



	<p>The Inception report identified a list of Business Support Infrastructure organisations (Business Centres, Business Incubators, Leasing Centres, Credit Unions, SME Support Funds, Investment Funds, Information Centres) identified by the project during the Inception Phase (p. 25). The inception report mentions the following obstacle: <i>“The major problem faced by all three priority regions in running their small business support programmes is the lack of (realistic) funding. The project believes that very often ambitious small business support programmes are drafted that are at the end not fully implemented either because the planning phase used unrealistic funding scenarios or because -as public budgets come under pressure- these programmes are the first to be reduced.”</i></p> <p><b>EBRD Ukraine Micro Lending Programme</b></p>
I-6.1.3	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
I-6.1.4	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
I-6.1.5	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions – Ukraine</b> As per the Inception report (p. 28), <i>“Compared to previous projects in the field of SME support in Ukraine, this project is characterised by the fact that it does not operate on an actual company level but rather on an intermediary level”</i> .
	<b>EBRD Ukraine Micro Lending Programme</b>
I-6.1.6	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b> <i>““Three Project Purposes are to provide capacity building support to three levels of project actors: 1) SCURPE, 2) Business Development Services (BDS) Facilitators, Kyiv-based non-government organisations specified in the ToR, and 3) BDS Providers in regions”</i> . (MR-40528.01)
I-6.1.7	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>JC 6.2</b>	<i>The delivery channels or IOs for this support were appropriate and able to deliver</i>

<b>Findings at JC level</b>	Stakeholders generally underlined the importance in the Ukrainian context of strengthening and voicing intermediaries such as business associations, networks. BSO have been weak, strong reliance on donor money, very instable, ill-protected; some have independence questioned.								
<b>I-6.2.1</b>	Commission programming documents and stakeholders show that intermediary organisations were selected on the basis of their ability to deliver								
<b>I-6.2.2</b>	Monitoring/evaluation reports and/or stakeholders provide evidence that selected intermediary organisations delivered								
<b>I-6.2.3</b>	Monitoring/evaluation reports and/or stakeholders provide evidence that key follow-up at the level of intermediary organisations occurred								
<b>I-6.2.4</b>	Monitoring/evaluation reports and/or stakeholders provide evidence to show that institutions for business development services have been strengthened in a sustainable manner								
<b>I-6.2.1</b>	<p><b>ENPI East Region+ Ukraine</b></p> <p><b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b></p> <p><b>SME Support in Priority Regions – Ukraine</b></p> <p>The inception report mentions the following: “ the following intermediary levels have been identified during the Inception Phase:</p> <table border="1" data-bbox="432 1093 1391 1765"> <thead> <tr> <th data-bbox="432 1093 842 1144">Level</th> <th data-bbox="842 1093 1391 1144">Target Group</th> </tr> </thead> <tbody> <tr> <td data-bbox="432 1144 842 1317">On Macro/Policy Level</td> <td data-bbox="842 1144 1391 1317"> <ul style="list-style-type: none"> <li>▪ State Committee of Ukraine for Regulatory Entrepreneurship (SCURPE)</li> <li>▪ Centre for Regulatory Policy Studies (CPRS)</li> <li>▪ VlasnaSprav.info</li> </ul> </td> </tr> <tr> <td data-bbox="432 1317 842 1518">On BDS Facilitation Level</td> <td data-bbox="842 1317 1391 1518"> <ul style="list-style-type: none"> <li>▪ Ukrainian Chamber of Commerce and Info Correspondence Centre (EICC)</li> <li>▪ Ukrainian Association of Management (UAMC)</li> <li>▪ Ukrainian Center for Enterprise Restructuring</li> </ul> </td> </tr> <tr> <td data-bbox="432 1518 842 1765">On BDS Delivery Level</td> <td data-bbox="842 1518 1391 1765"> <ul style="list-style-type: none"> <li>▪ Selected Management Consultants and Business Trainers</li> <li>▪ Selected Business Trainers</li> <li>▪ Selected entrepreneurs</li> <li>▪ Consortium for Enhancement of Management in Ukraine (CEUME)</li> <li>▪ Support to Ukraine Initiative</li> </ul> </td> </tr> </tbody> </table> <p>The inception report indicates the following reasons for the having selected the above IOs:</p> <ul style="list-style-type: none"> <li>▪ <i>“The Centre for Regulatory Policy Studies is a non-governmental organisations that aims to undertake researches on regulatory policy impact. This organisation has just been established...Although this organisation strives to become a key player in Regulatory Impact Analysis (RIA) research in Ukraine, its current development phase does not allow –at this</i></li> </ul>	Level	Target Group	On Macro/Policy Level	<ul style="list-style-type: none"> <li>▪ State Committee of Ukraine for Regulatory Entrepreneurship (SCURPE)</li> <li>▪ Centre for Regulatory Policy Studies (CPRS)</li> <li>▪ VlasnaSprav.info</li> </ul>	On BDS Facilitation Level	<ul style="list-style-type: none"> <li>▪ Ukrainian Chamber of Commerce and Info Correspondence Centre (EICC)</li> <li>▪ Ukrainian Association of Management (UAMC)</li> <li>▪ Ukrainian Center for Enterprise Restructuring</li> </ul>	On BDS Delivery Level	<ul style="list-style-type: none"> <li>▪ Selected Management Consultants and Business Trainers</li> <li>▪ Selected Business Trainers</li> <li>▪ Selected entrepreneurs</li> <li>▪ Consortium for Enhancement of Management in Ukraine (CEUME)</li> <li>▪ Support to Ukraine Initiative</li> </ul>
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	<p><i>moment- to effectively assume that role. [...] The project believes that the Centre could benefit from involvement in the RIA enhancement activities carried out within the framework of the project”</i></p> <ul style="list-style-type: none"> <li>▪ <i>“VlasnaSprava.Info is a Ukrainian internet Portal for SMEs, which started life as SME ToolkitUkraine under donor support from IFC” and “The Web Site operated is undoubtedly the first call for SMEs seeking SME related information and acts as a link to other websites and Portals in Ukraine that have a business content. The organisation is committed and technically proficient. The project is convinced that its own Web Site could be hyperlinked with VlasnaSprava.Info’s thus ensuring a wider dissemination of project outputs and materials developed”.</i></li> <li>▪ <i>“The Euro Info Correspondence Centre (EICC) at the Ukrainian Chamber of Commerce and Industry was created on October 10, 2005 on the basis of an agreement between the European Commission’s DG “Enterprise and Industry” and the Ukrainian Chamber of Commerce and Industry. The EICC is a member of and functions as an official information agent of the Euro Info Centres Network” [...] “The project believes that this organisation could benefit from targeted technical assistance provided through international STEs on the further development of the EICC’s activities and functions and this using “Best Practices” applied within an European Euro Info Centre (EIC)”.</i></li> <li>▪ <i>The Ukrainian Association of Management Consultants (UAMC): “has been somewhat been dormant, but out of the 45 paying members there is now a core of 5 enthusiastic members, all of them experienced management consultants, who wish to develop the Association and ultimately gain membership of the International Consortium of Management Consultant Institutions (ICMCI) and the European Federation of Consultancy Organisations (FEACO).The project is convinced that this organisation could benefit from targeted technical assistance such as upgrading of the existing “Code of Ethics” and the information provision support on management consultants’ accreditation systems.”</i></li> <li>▪ <i>“The Ukrainian Centre of Enterprise Restructuring and Private Sector Development (UCER) was founded in 1998 under the auspices of the World Bank’s “Private Sector Development” project” and “The project believes that this organisation could be useful in terms of providing mentoring support while preparing the planned guidelines for local consultants on how to market their services and to participate in the planned Balanced Score Card training course”.</i></li> <li>▪ <i>“The Consortium for Enhancement of Ukrainian Management Education (CEUME) is an NGO aimed at providing training services and information support to higher education institutions in Ukraine in order to enhance Ukrainian Management and Business Education” and “The project believes that this organisation could be useful in terms of providing mentoring support while developing the planned Train-the-Trainers seminars”</i></li> <li>▪ <i>“Support to Ukraine Initiative: In 2000 the Ukrainian government launched a large-scale programme called “Ukrainian Initiative for Retraining Managers in the Sphere of Entrepreneurship”, which aimed at forming a new generation of managers able to effectively contribute to the development of a market economy in Ukraine.” And “The project is convinced, and as such recognised, that there is very little direct support the project could give to this programme, except funds, which it can not. As such, the project intends to primarily stay in close contact with the programme and see if it could actually give any support such as support in the development of training curricula (if needed and wanted).”</i></li> </ul>
	<p><b>EBRD Ukraine Micro Lending Programme</b></p>
<p><b>I-6.2.2</b></p>	<p><b>ENPI East Region+ Ukraine</b></p>
	<p><b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b></p>

	<p><b>SME Support in Priority Regions – Ukraine</b></p> <p>The Third progress report indicates that the following activities were conducted under Project Component:</p> <p><i>“In the field of <b>capacity building support to SME Support Service Facilitators</b> the following activities have been carried out to date:</i></p> <ol style="list-style-type: none"> <li>2.1. <i>Creation of 1 Virtual BDS Market and 1 Business/investment Opportunities Database. Preparation of transfer of project know-how to new SCURPE SME-International Dimension project;</i></li> <li>2.2. <i>Formulation of 1 Code of Ethics for UAMC and organisation Study Tour for, amongst others, UAMC members to Belgium. Formulation of 1 Directory of chargeable BDS services and participation of Ukrainian Association of Management Consultants (UAMC) in 1 Annual FEACO Conference in Hungary;</i></li> <li>2.3. <i>Formulation of 1 Business Consultancy Handbook and delivery of 1 Service Marketing training course during Study Tour in Germany;</i></li> <li>2.4. <i>Organisation of 4 institutional support missions to EICC and development of permanent linkages between EICC Kyiv and EIC Antwerp within a bi-laterally-funded business development project;</i></li> <li>2.5. <i>Creation of a Frequently Asked Questions (FAQs) entry point to SCURPE;</i></li> <li>2.6. <i>Permanent promotion of links between outsourcers and suppliers links through the delivery of 2 National and 9 Regional Cluster Seminars;</i></li> <li>2.7. <i>Formulation of First Directory of SME Credit Facilities and formulation of 1 “How to Access Funding” training course. Delivery of this training course in the project’s three priority regions;</i></li> </ol> <p><i>In the field of <b>capacity building support to SME Support Service Providers</b> the following activities have been carried out to date:</i></p> <ol style="list-style-type: none"> <li>3.1. <i>Delivery of 2 Training-for-Consultants and 2 Training-for-Trainers training courses;</i></li> <li>3.2. <i>Formulation of 1 Market Research/Business Intelligence Gathering Handbook;</i></li> <li>3.3. <i>Delivery of 1, two-phased, Management Development Training Programme covering in Phase 1 Business Planning, Strategic Planning and Marketing and in Phase 2 Human Resource Development, Financial Control, Management Information Systems, Quality Control and Partner Search;</i></li> <li>3.4. <i>Formulation of 1 recommendations-led Directory of Adult Business Training Institutions.</i> <ul style="list-style-type: none"> <li>• <i>Local and international short-term experts have been obtained in the following fields of expertise:</i> <ul style="list-style-type: none"> <li>- <i>Support to the SME policy project activities during Inception Phase;</i></li> <li>- <i>Administrative culture regional roundtables;</i></li> <li>- <i>Guidelines on role of civil servants in SME environment;</i></li> <li>- <i>Training programme to enhance civil servants’ understanding of SMEs;</i></li> <li>- <i>Regulatory Impact Assessment (RLA) training;</i></li> <li>- <i>Application of RLA on regulatory/normative acts;</i></li> <li>- <i>Preparation and implementation of Study Tours;</i></li> <li>- <i>SME Quarterly Updates;</i></li> <li>- <i>Balanced Score Card (BSC);</i></li> <li>- <i>Project Cycle Management (PCM);</i></li> </ul> </li> </ul> </li> </ol>
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	<ul style="list-style-type: none"> <li>- <i>Sector Wide Approach (SWAP);</i></li> <li>- <i>Concept for direct SME support;</i></li> <li>- <i>English language training;</i></li> <li>- <i>National Investment Seminars;</i></li> <li>- <i>Investor Relations' Handbook;</i></li> <li>- <i>BDS/Business and Investment Opportunities Virtual Market/Database;</i></li> <li>- <i>State of Consultancy in Ukraine and SME wants' and needs' survey;</i></li> <li>- <i>Directory of chargeable BDS services;</i></li> <li>- <i>Practical Cluster Development Guide;</i></li> <li>- <i>SME benchmarking and on-line Company Assessment Form (CAF);</i></li> <li>- <i>EICC institutional building;</i></li> <li>- <i>Cluster Development;</i></li> <li>- <i>Service Marketing Training Course for UCER;</i></li> <li>- <i>Training of trainers;</i></li> <li>- <i>Training of Consultants;</i></li> <li>- <i>Market Research/Business Intelligence Gathering Handbook;</i></li> <li>- <i>Management Development Training Programme;</i></li> <li>- <i>Directory of Adult Business Training Institutions”.</i></li> </ul> <p>The Final project report indicates that under “Project Component 2: Capacity-Building Support to SME Support Services Facilitators”, the following activities were conducted operating the Virtual Market, which combines a BDS Providers’ Database, an Access to Finance Database, an on-benchmarking assessment tool and a Business and Investment Opportunities (BOIP) Database. Amongst lessons learnt, the Final project report highlights that “<i>This project did not foresee the existence of a sub-contracting budget under the various Incidental Expenditures budget lines. As such, all local expertise was directly contracted from individual experts. Such an approach, however, has the inherent flaw that it does not allow to contract “corporate” know-how from local organisations only individual knowledge. Furthermore, it inhibits local organisations, such as NGO’s and Business Support Organisations established by previous projects, to “sell” their services as an organisation to projects like this one.</i>” And “<i>This project has been fortunate that the new EU-Tacis SME-International Dimension project actually started its inception phase during this project’s completion phase. This has the main benefit that transfer of know-how from current to new project can physically take place between Contractors and undoubtedly enhances the overall efficiency and continuity of the EU-Tacis technical assistance support to local Beneficiaries.</i>” (Final Project Report).</p>
	<p><b>EBRD Ukraine Micro Lending Programme</b></p>
<p><b>I-6.2.3</b></p>	<p><b>ENPI East Region+ Ukraine</b></p> <p><b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b></p> <p><b>SME Support in Priority Regions - Ukraine</b></p> <p><b>EBRD Ukraine Micro Lending Programme</b></p>
<p><b>I-6.2.4</b></p>	<p><b>ENPI East Region+ Ukraine</b></p>

	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>  <i>“the wider impact will depend on their practical implementation by SCURPE, which, in turn, has to be supported by higher level governmental and parliamentary decisions. In view of the uncertain political situation after the recent parliamentary election, there are not good prospects for this.” (MR-40528.02)</i>  <i>“Other beneficiaries will continue using the project results via the project website therefore its continued operation is crucial factor in the sustainability. It is important that SCURPE find resources for the administration and maintenance of the website.” (MR-40528.02)</i>
<b>JC 6.3</b>	<b><i>Enterprises that benefited from Commission support have been upgraded and accessed new markets</i></b>
<b>Findings at JC level</b>	<p>Successful evidence in case of following activities</p> <ul style="list-style-type: none"> <li>• Two instruments of EBRD with Commission contributions (Enterprise growth programme and Business Advisory Services)</li> <li>• Three projects with SMEs: SME support in priority regions in Ukraine, Business Capacity of Ukrainian SMEs – International Dimension, SME Charter Political dialogue</li> </ul> <p>However wider impact limited impact as little Government commitment; e.g. liquidation of SCURPE in 2010. Yet EC efforts to push PSD’s importance for the country on authorities’ agenda</p>
<b>I-6.3.1</b>	Evidence exists of follow-up after cooperation meetings and agreements in terms of upgrading of enterprises (development of skills, know-how, managerial, market knowledge, etc.), and adequate targeting of key sectors
<b>I-6.3.2</b>	Number of business to business cooperation and promotion meetings which gave rise to increased trade exchanges and enhanced export prospects
<b>I-6.3.3</b>	Number of business to business cooperation and promotion meetings which gave rise to durable partnerships enhancing business opportunities and sustainable enterprise prospects
<b>I-6.3.4</b>	Monitoring reports demonstrate a systematic flow of know-how resulting from such activities
<b>I-6.3.1</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-6.3.2</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>

I-6.3.3	ENPI East Region+ Ukraine
	NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia
	SME Support in Priority Regions - Ukraine
	EBRD Ukraine Micro Lending Programme
I-6.3.4	ENPI East Region+ Ukraine
	NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia
	SME Support in Priority Regions - Ukraine
	EBRD Ukraine Micro Lending Programme
<b>JC 6.4</b>	<i>Enterprises that benefited from Commission support have increased their access to technology</i>
<b>Findings at JC level</b>	Limited information.
I-6.4.1	Monitoring reports show that new technology, including European technology, has been mobilised by enterprises in Partner Countries
I-6.4.2	Stakeholders interviews indicate that such technology transfers has heightened their competitiveness
I-6.4.3	Monitoring reports indicate that the volume of technology transfers has been important for enterprises and relevant target sectors
I-6.4.1	ENPI East Region+ Ukraine
	NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia
	SME Support in Priority Regions - Ukraine
	EBRD Ukraine Micro Lending Programme
I-6.4.2	ENPI East Region+ Ukraine
	NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia
	SME Support in Priority Regions - Ukraine
	EBRD Ukraine Micro Lending Programme
I-6.4.3	ENPI East Region+ Ukraine
	NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia
	SME Support in Priority Regions - Ukraine
	EBRD Ukraine Micro Lending Programme

<b>EQ 7</b>	<b>To what extent did Commission support contribute to increased cross-border investment in partner countries' private sectors?</b>
<b>JC 7.1</b>	<b><i>The Commission's support was targeted on the basis of an analysis of the needs of enterprises</i></b>
<b>Findings at JC level</b>	<p>Many barriers to foreign traders and investors: e.g. formal restrictions related to land ownership, interference by the authorities in enterprise operation and advantages given to state controlled firms.</p> <p>Improvements in 2005 with change in government, attraction of large FDI in the financial sector and steel industry but in absence of a substantial improvement in the investment climate (e.g. fight against corruption, incompatibilities between civil and commercial code and court systems, reduction of the burden of licensing and inspection regimes), not sustained.</p> <p>To our understanding was not part of EC PSD activities over the period considered.</p>
<b>I-7.1.1</b>	Enterprises needs analyses provided in regional/country surveys or through other means
<b>I-7.1.2</b>	Evidence in programming documentation on the Commission's knowledge of potential European sources of investment when organising investment promotion activities
<b>I-7.1.3</b>	Elements provided in programming documentation and/or by stakeholders showing that the Commission's support was based on these needs analyses and that the Commission had a prioritised approach in selecting groups of beneficiary enterprises
<b>I-7.1.1</b>	<p><b>ENPI East Region+ Ukraine</b></p> <p>Major obstacles to sustained growth are the incomplete structural transformation of the economy, including the weak banking system, and the still unpredictable investment climate, with often unclear laws and regulations and uneven and arbitrary enforcement. The economy still suffers from a lack of functioning market institutions and weak legal protection and there are many barriers to foreign traders and investors. In spite of some improvements since 2000, foreign direct investment in Ukraine remains low. Apart from formal restrictions related to land ownership, FDI is hampered by, e.g. interference by the authorities in enterprise operation and advantages given to statecontrolled firms. Ukraine has started to address this problem by putting in place new legislation on competition and monopolies. Many responsibilities, in the past covered by the central government, were passed on to local authorities that lack the resources to take on these functions. (Ukraine CSP2002-2006 – p7)</p> <p>In 2005 Ukraine could attract large foreign direct investments in the financial sector and steel industry. Due to these investment decisions, foreign direct investment (FDI) reached a record. In the absence of a substantial improvement in the investment climate, though, this steep increase in FDI may prove to be a one-shot phenomenon. For example, policy measures are required in areas such as the fight against corruption, a more transparent concept of further privatisation in full respect of the rule of law, the adoption of the Joint-Stock Company law, incompatibilities between civil and commercial code and court systems, the overall improvement of transparency and predictability and further reduction of the</p>



	burden of licensing and inspection regimes. (Ukraine CSP2007-2013 – p7-8)
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-7.1.2</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-7.1.3</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>JC 7.2</b>	<i>The Commission has supported the development of investment-related intermediary organisations, and these IOs have effectively engaged in investment promotion</i>
<b>Findings at JC level</b>	To our understanding was not part of EC PSD activities over the period considered.
<b>I-7.2.1</b>	Number of Investment Promotion Agencies (IPAs) and other investment intermediaries supported
<b>I-7.2.2</b>	Monitoring reports contain evidence of improvements in the performance of IOs in the supply of investment support
<b>I-7.2.3</b>	Number of investment promotion events that gave rise to actual additional investment
<b>I-7.2.1</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-7.2.2</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-7.2.3</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>

<b>JC 7.3</b>	<b><i>The Commission has supported investment related business to business meetings &amp; investment promotion events, and these have had identifiable results</i></b>
<b>Findings at JC level</b>	To our understanding was not part of EC PSD activities over the period considered.
<b>I-7.3.1</b>	Number of investment promotion meetings & events organised
<b>I-7.3.2</b>	Monitoring reports contain evidence of investment mobilisation resulting from such events, and stakeholders confirm such results
<b>I-7.3.3</b>	Commission follow-up steps have been taken to enhance the results of investment promotion activities
<b>I-7.3.4</b>	Also see answers to indicators I-6.3.2 and I-6.3.3 above
<b>I-7.3.1</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-7.3.2</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-7.3.3</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-7.3.4</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>JC 7.4</b>	<b><i>Commission support has encouraged FDI</i></b>
<b>Findings at JC level</b>	To our understanding was not part of EC PSD activities over the period considered.
<b>I-7.4.1</b>	Reports exist that document the mobilisation of investment flows as a result of Commission support
<b>I-7.4.2</b>	In the absence of actual financial investment, the Commissions reports demonstrate that potential has been created for later investment resulting from business partnerships
<b>I-7.4.1</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>

	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-7.4.2</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>JC 7.5</b>	<b><i>SMEs were adequately targeted by comprehensive provision of investment related services</i></b>
<b>Findings at JC level</b>	To our understanding was not part of EC PSD activities over the period considered.
<b>I-7.5.1</b>	Regional and country surveys and studies indicate that SMEs were among the Commission's priorities
<b>I-7.5.2</b>	Intervention documentation evidences that SMEs have been duly targeted
<b>I-7.5.3</b>	Monitoring reports contain evidence of investment mobilisation benefiting SMEs
<b>I-7.5.1</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-7.5.2</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-7.5.3</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>

<b>EQ 8</b>	<b>To what extent has the Commission PSD support contributed to facilitate the generation of employment?</b>
<b>Other relevant information (not captured elsewhere)</b>	
<b>JC 8.1</b>	<b><i>The Commission monitors employment effects</i></b>
<b>Findings at JC level</b>	Needs: <ul style="list-style-type: none"> <li>• Formalisation is a key problem (60% of grey employment).</li> <li>• The informal economy continues to play a major role as a social buffer. Due to the difficult economic situation, economic migration remained strong.</li> <li>• High quality workforce at low labour costs, which would form significant comparative advantages in an open economy.</li> </ul>
<b>I-8.1.1</b>	Description of Commission practices in terms of monitoring of employment effects (e.g. specific indicators defined)
<b>I-8.1.2</b>	Evolution of employment figures included in beneficiary progress reports to Commission
<b>I-8.1.1</b>	<p><b>ENPI East Region+ Ukraine</b></p> <p>Ukraine benefits from a high quality workforce at low labour costs, which would form significant comparative advantages in an open economy. (Ukraine CSP2002-2006 – p10)</p> <p>The informal economy continues to play a major role as a social buffer. Due to the difficult economic situation the incentive to seek employment abroad remains strong (Ukraine CSP2007-2013 – p8)</p> <p><b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b></p> <p><b>SME Support in Priority Regions - Ukraine</b></p> <p><b>EBRD Ukraine Micro Lending Programme</b></p>
<b>I-8.1.2</b>	<p><b>ENPI East Region+ Ukraine</b></p> <p><b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b></p> <p><b>SME Support in Priority Regions – Ukraine</b></p> <p>The Inception report provides employment figures, in Ukraine and more specifically in the 3 beneficiary regions: “<i>In Ukraine small enterprises and sole proprietors represent 25.9% of total employment. Medium sized companies with up to 1,000 employees provide another 22.3% of working places.</i>” And “<i>Looking at the SME employment rates in the three priority regions, it appears at first sight that the level of employment in small enterprises in Ukraine and the three priority regions was decreasing from 2003 till 2004. This figure, however, is distorted as the statistical data available to the project could not fully take into account the important role played by sole proprietors. Taking into account the overall growth of the number of sole proprietors as shown in a previous graph, the project actually believes that total employment in the SME sector is actually increasing and not decreasing</i>” and</p>

	<b>EBRD Ukraine Micro Lending Programme</b>
<b>JC 8.2</b>	<b><i>Generation of employment has been a concern of the Commission when providing PSD support</i></b>
<b>Findings at JC level</b>	Indirect linkage: Commission PSD support did not explicitly refer to employment creation, but the ultimate objective has been support to stability and to the rise of a middle-class in the country, with implications in terms of quality employment. But employment generation was not the primary and direct objective of support provided in the country.
<b>I-8.2.1</b>	Commission strategy and programming documents explain how supported interventions will contribute to employment
<b>I-8.2.2</b>	Available reports explain how Commission support aimed at and did contribute to employment
<b>I-8.2.3</b>	Stakeholders consider that Commission interventions aimed at and did contribute to the generation of employment
<b>I-8.2.1</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-8.2.2</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-8.2.3</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>JC 8.3</b>	<b><i>Commission support to formalisation of MSMEs has contributed to increased employment opportunities</i></b>
<b>Findings at JC level</b>	EC objective of promoting a middle-class has been linked to the formalisation of the economy.
<b>I-8.3.1</b>	Evolution of employment figures within MSME sector in beneficiary countries during evaluation period
<b>I-8.3.2</b>	Number of MSMEs created in beneficiary countries during evaluation period
<b>I-8.3.1</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>

I-8.3.2	ENPI East Region+ Ukraine
	NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia
	SME Support in Priority Regions - Ukraine
	EBRD Ukraine Micro Lending Programme
<i>JC 8.4</i>	<i>Commission SBS has increased private sector employment opportunities in the sectors supported</i>
Findings at JC level	No information.
I-8.4.1	Evolution of employment figures in the sectors supported by Commission SBS during evaluation period
I-8.4.1	ENPI East Region+ Ukraine
	NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia
	SME Support in Priority Regions - Ukraine
	EBRD Ukraine Micro Lending Programme
<i>JC 8.5</i>	<i>Commission support has contributed to the transition of entrepreneurs from the informal to the formal sector</i>
Findings at JC level	No information.
I-8.5.1	Commission strategy and programming documents foresee support for the transition from the informal to the formal sector
I-8.5.2	Improvements in the transition from the informal to the formal sector
I-8.5.1	ENPI East Region+ Ukraine
	NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia
	SME Support in Priority Regions - Ukraine
	EBRD Ukraine Micro Lending Programme
I-8.5.2	ENPI East Region+ Ukraine
	NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia
	SME Support in Priority Regions - Ukraine
	EBRD Ukraine Micro Lending Programme

<b>EQ 9</b>	<b>What was the Commission's added-value when providing support to PSD in third countries?</b>
<i>JC 9.1</i>	<i>The Commission PSD strategies were geared towards the provision of Commission-specific benefits, as compared to private sector initiatives, other financing modalities and support provided by other actors</i>
<b>Findings at JC level</b>	<p>AV in terms of leverage available to make a major contribution to the reform process:</p> <ul style="list-style-type: none"> <li>• The EC has been the largest provider of ODA to Ukraine. Over 2005-2008 it contributed to 21.8% of total donor commitments; Continued presence when other donors stopped cooperation considering UKR a middle income country</li> <li>• Largest trade partner, immediate neighbour</li> <li>• Perspective of deeper integration with EU</li> <li>• EC mandate under the AA&amp;DCFTA negotiations to change I&amp;R;</li> <li>• EU rules&amp;regulations generally considered as best practice examples</li> <li>• The political dialogue created under the AA which to a large extent has set the strategic agenda for the country</li> <li>• Visible and well-respected donor amongst population: EC statements have been listened to.</li> <li>• EC's funding speeds up actions of other IOs: EBRD, UN, Council of Europe, etc.</li> <li>• Catalytic effect for projects: EC support gives credibility and attracts other partners</li> <li>• Some evidence of role as coordinator of support from other EU donors which also support the harmonization of UKR structures with the EU – in the frame of the AA.</li> </ul>
<b>I-9.1.1</b>	Commission documents that lay down the overall (not country specific) PSD strategy of the Commission require that the Commission PSD strategies and interventions are chosen on the basis of, among other things, the specific benefits the Commission can provide
<b>I-9.1.2</b>	CSPs/RSPs and programming documents highlight the specific value added of the Commission support
<b>I-9.1.3</b>	Stakeholders consider that the potential value added of the Commission support has been a key criterion for deciding on the nature of the support to be provided
<b>I-9.1.1</b>	<p><b>ENPI East Region+ Ukraine</b></p> <p><b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b></p> <p><b>SME Support in Priority Regions - Ukraine</b></p> <p><b>EBRD Ukraine Micro Lending Programme</b></p>
<b>I-9.1.2</b>	<p><b>ENPI East Region+ Ukraine</b></p> <p>Provision of tailor-made advice in the field of restructuring and business development to industrial enterprises is foreseen, with an emphasis on sectors of</p>

	<p>mutual interest to the EU and Ukraine, on a cost-sharing basis and compatible with market economy and good governance principles. Widest possible access and dissemination of results will be assured. The experience and best practices of the Tacis Enterprise Restructuring Facility will be used. (Ukraine CSP2002-2006 – p24)</p> <p>In the case of economic development the Commission has been most successful when addressing issues related to an enabling regulatory environment for business and investment. This assessment is also confirmed by an October 2005 Evaluation of EC support to Private Sector Development in Third Countries which concluded that “...the EC has a higher comparative advantage in macro- and institutional interventions and a lower one in interventions in financial markets”. (Ukraine CSP2007-2013 – p11)</p> <p>As the largest donor to Ukraine, the EU has the leverage necessary to make a major contribution to the reform process. In addition, most donors recognise the special role of the EU due to Ukraine’s European aspirations and are increasingly aligning their activities with the policy objectives set in the EU-Ukraine Action Plan. (Ukraine CSP2007-2013 – p13)</p> <p>Assistance provided under the national ENPI envelope for Ukraine will focus on three priority areas which have been selected on the basis of joint EU-Ukraine policy objectives and the EC’s comparative advantage as a donor based on lessons learnt from previous assistance and complementarity with other donors. (Ukraine CSP2007-2013 – p17)</p>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-9.1.3</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>JC 9.2</b>	<b><i>The beneficiaries of Commission PSD support were not in a position to provide or to provide as swiftly and with the same results the support that was provided by the Commission</i></b>
<b>Findings at JC level</b>	See Findings under JC 9.1.
<b>I-9.2.1</b>	Evidence provided in strategy, programming documents and reports that show that beneficiaries at macro, meso- and micro level were not in a position to provide the support
<b>I-9.2.2</b>	Stakeholders consider that beneficiaries at macro, meso- and micro level were not in a position to provide the support
<b>I-9.2.1</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>



	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-9.2.2</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>JC 9.3</b>	<b><i>The Commission's grant support had specific benefits</i></b>
<b>Findings at JC level</b>	Interest rate subsidies and other ways of blending grants and loans can leverage investments by international financing institutions in the fields of environment, energy and transport. Whenever interest rate subsidies are considered, their relevance shall be assessed on a case-by-case basis and care should be taken to avoid significant market distortion. (Ukraine CSP2007-2013 – p16)
<b>I-9.3.1</b>	Areas of PSD support selected by the Commission are generally not considered as fit for loan funding or for other financing modalities
<b>I-9.3.2</b>	Evidence provided in evaluation/ monitoring reports on the value added of the Commission through blending grant funding with other modes and sources of funding
<b>I-9.3.3</b>	Stakeholders consider that the Commission had value added through blending grant funding with other modes and sources of funding
<b>I-9.3.4</b>	Elements provided in strategy, programming documents, and reports that show other specific benefits of grant funding for the interventions
<b>I-9.3.5</b>	Stakeholders are able to show other specific benefits of the grant funding for the PSD support provided
<b>I-9.3.1</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-9.3.2</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-9.3.3</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-9.3.4</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>

	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-9.3.5</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>JC 9.4</b>	<i>The Commission had a specific value added compared to the support provided by other public actors, in particular but not only EU MS</i>
<b>Findings at JC level</b>	See Findings under JC 9.1.
<b>I-9.4.1</b>	Documents show and stakeholders consider that the Commission's support at country and/or intervention level was of significant financial weight compared to the support provided by other actors
<b>I-9.4.2</b>	Documents show and stakeholders consider that the Commission provided a technical expertise that could not be provided by other actors (to the extent possible to be broken down by area of intervention)
<b>I-9.4.3</b>	Documents show and stakeholders consider that the Commission infused EU best practice and standards through its support
<b>I-9.4.4</b>	Documents show and stakeholders consider that the Commission's procedures offered advantages compared to those of other actors
<b>I-9.4.5</b>	Documents show and stakeholders consider that the fact that the support was provided by the Commission as representing the EU offered specific advantages
<b>I-9.4.6</b>	Documents show and stakeholders consider provide examples of other types of VA
<b>I-9.4.1</b>	<b>ENPI East Region+ Ukraine</b>
	"The EC is the largest provider of ODA to Ukraine. Over the years 2005-2008 it contributed to 21.8% of total donor commitments. Some EU Member States, notably Germany, Sweden, France, the United Kingdom and Austria are also significant contributors, thus bringing total EU commitments to 40% of total donor commitments. The United States comes second to the EC with commitments representing 15.8% of the total over the period 2005-2008." (country evaluation, executive summary, p. ii)
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
<b>I-9.4.2</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-9.4.3</b>	<b>ENPI East Region+ Ukraine</b>

	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-9.4.4</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-9.4.5</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-9.4.6</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>

<b>EQ 10</b>	<b>To what extent were the Commission's organisational set-up and management practices fit to a successful implementation of its PSD support?</b>
<b>JC 10.1</b>	<b><i>The devolution facilitated the implementation of the Commission PSD support</i></b>
<b>Findings at JC level</b>	Devolution: <ul style="list-style-type: none"> <li>• Advantage of being closer to the country</li> <li>• No specific difficulties mentioned in terms of linkages EUD – HQ, including with other DGs, good contact with DEVCO thematic unit or with counterparts at DG MARKT, ENTR.</li> <li>• Some delays in consultation in case of regional-level programmes (Eastern Partnership Programme, Black Sea Programmes)</li> <li>• Some stakeholders critical of EC inability to synchronise initiatives( in planning, formulation, in implementation).</li> </ul>
<b>I-10.1.1</b>	Stakeholders provide evidence that the devolution to delegations contributed to facilitating to the implementation of PSD support (e.g. better knowledge of local needs/priorities, better interaction with local stakeholders, notably of the private sector, etc.)
<b>I-10.1.2</b>	Stakeholders do not consider that there were major drawbacks of the devolution to delegations in terms of PSD support (e.g. less direct linkages with the European private sector, less coherence in the approach, etc.)
<b>I-10.1.3</b>	Stakeholders, such as major private sector operators in countries, are of the view that the EU Delegations make efforts to understand the private sector fabric and its constraints
<b>I-10.1.1</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-10.1.2</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-10.1.3</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>JC 10.2</b>	<b><i>The division of responsibilities between different DGs did not hamper an optimal implementation of the Commission's PSD support in the different countries'/regions concerned</i></b>
<b>Findings at JC</b>	No specific difficulties mentioned in terms of linkages EUD – HQ, including with

level	other DGs, good contact with DEVCO thematic unit or with counterparts at DG MARKT, ENTR. Some delays in consultation in case of regional-level programmes (Eastern Partnership Programme, Black Sea Programmes).
I-10.2.1	The Commission had formal mechanisms to ensure collaboration between its different DGs involved with PSD related matters, including in terms of transfer of knowledge on PSD support within and outside the EU
I-10.2.2	Stakeholders consider that Commission support in third countries has benefited from general PSD knowledge and networks present within the Commission
I-10.2.1	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
I-10.2.2	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<i>JC 10.3</i>	<i>The Commissions' HR policy was conducive to an optimal design and implementation of its PSD support</i>
<b>Findings at JC level</b>	PSD expertise available within EUD yet little institutional memory on older PSD interventions in country.
I-10.3.1	Existence of a specific HR policy for the management of Commission support to PSD in third countries
I-10.3.2	Existence of sufficient dedicated staff specialised in PSD matters both at HQ and Delegation level
I-10.3.3	Existence of specialised PSD trainings for staff in charge of PSD matters
I-10.3.4	Staff in charge of the Commission's PSD support is conversant with PSD constraints, and are well aware of the strategy and guidance documents, as well as of specific tools developed by the Commission for implementation
I-10.3.5	Stakeholders consider that Commission HR policy was a strength/weakness of PSD support
I-10.3.1	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
I-10.3.2	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>

	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-10.3.3</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-10.3.4</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-10.3.5</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>JC 10.4</b>	<i>The Commission developed and used specific tools and guidance to facilitate the design and implementation of its PSD support</i>
<b>Findings at JC level</b>	Little information.
<b>I-10.4.1</b>	Description of available tools and guidance for the Commission support to PSD
<b>I-10.4.2</b>	Knowledge and use of these tools and guidance by Commission staff in charge of support to PSD
<b>I-10.4.3</b>	Commission staff expressed the view that these tools and guidance were useful
<b>I-10.4.1</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-10.4.2</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-10.4.3</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>JC 10.5</b>	<i>The Commission monitored/evaluated its support to PSD and used and disseminated the results</i>

<b>Findings at JC level</b>	Some stakeholders question the extent to which sufficient HR available in EUD to ensure sufficient follow-up of very large interventions as well as accompanying, especially in view of the lever at hand, which is EU integration.
<b>I-10.5.1</b>	The Commission developed specific systems and sets of indicators to monitor and evaluate its support to PSD both at HQ and country level
<b>I-10.5.2</b>	The above mentioned monitor/evaluation systems were operational
<b>I-10.5.3</b>	The results of the monitoring and evaluations were disseminated and used to redirect strategies and programming
<b>I-10.5.4</b>	Stakeholders consider that monitoring and evaluation systems were useful to improve design and implementation of the PSD support
<b>I-10.5.1</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-10.5.2</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-10.5.3</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-10.5.4</b>	<b>ENPI East Region+ Ukraine</b> In the case of the Bank Reform Programme (2005-2008), the Completion report highlighted that “ <i>Objective benchmarks proving an increase in efficiency or profitability, or a better customer service level as a result of project work are difficult to provide. First of all, the changes brought about or being implemented take time to yield result. Secondly, the strong generic growth of the banking industry makes it difficult to distinguish between effects of project intervention and natural growth linked to the release of pent-up demand for banking services from corporate and consumer clients.</i> ».
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>JC 10.6</b>	<b><i>The Commission developed and used specific mechanisms to ensure capitalisation and sharing of its knowledge with respect to PSD</i></b>
<b>Findings at JC level</b>	PSD expertise available within EUD yet little institutional memory on older PSD interventions in country. PSD training followed in Jordan.
<b>I-10.6.1</b>	Description of existing mechanisms (networks, working groups, etc.) to ensure capitalisation of Commission knowledge on PSD both among Commission staff

	concerned with implementation of PSD support inside and outside the EU
<b>I-10.6.2</b>	Knowledge and involvement of staff concerned with PSD support in third countries with these mechanisms
<b>I-10.6.3</b>	Stakeholders expressed the view that these mechanisms are useful, with specific results generated and possible drawbacks
<b>I-10.6.1</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-10.6.2</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>
<b>I-10.6.3</b>	<b>ENPI East Region+ Ukraine</b>
	<b>NIF - EBRD-04 - Financial Intermediaries in Azerbaijan and Georgia</b>
	<b>SME Support in Priority Regions - Ukraine</b>
	<b>EBRD Ukraine Micro Lending Programme</b>



No. 9: PRSC 3 to 9 - Vietnam

Poverty Reduction Support Credit (PRSC 3 to 9) (ASIE/2005/017-664; ASIE/2004/016-769; ASIE/2006/018-257;DCI-ASIE/2007/018-849;DCI-ASIE/2008/019-692)		
<b>Intervention Type</b>	✓	General Budget Support
		Sector Budget Support
		Project-approach
<b>Start date &amp; End date</b>	<ul style="list-style-type: none"> <li>▪ <i>Start Date:</i> PRSC3 started in 2004; PRSC4 in 2006; PRSC5 in 2007; PRSC6 in 2008; PRSC7-9 in 2009.</li> <li>▪ <i>End Date:</i> PRSC9 is intended to end in 2015 (based on the evaluation's inventory)</li> </ul>	
<b>Budget: committed, contracted, disbursed</b>	<ul style="list-style-type: none"> <li>▪ <i>Committed:</i> PRSC3: €19m, PRSC4: €7.9m, PRSC5: €10m, PRSC6: €20m, PRSC7-9: €44m</li> <li>▪ <i>Contracted:</i> PRSC3: €19m , PRSC4: €7.9m, PRSC5: €9.9m, PRSC6: €19.8m; PRSC7-9: €43.2m</li> <li>▪ <i>Disbursed:</i> PRSC3: €19m , PRSC4: €7.9m , PRSC5: €9.4m; PRSC6: €19.8m; PRSC7-9: €26,1m. (based on the evaluation's inventory)</li> </ul>	
<b>Beneficiary</b>	<ul style="list-style-type: none"> <li>▪ <i>Direct Beneficiary:</i> More than 20 line ministries and government agencies participate in the preparation and implementation of the policy matrix, a National Steering Committee for the implementation of PRSC operations was established in 2002. The Ministry of Planning and Investment's secretariat for the SEDP was responsible for the overall oversight of all donors' related activities in support of the implementation of the SEDP.</li> <li>▪ <i>End beneficiaries :</i> the Private sector and investors.</li> </ul>	
<b>Country/Region</b>	Vietnam	
<b>Intervention Description</b>	<p>Vietnam's Poverty Reduction Strategy have been supported by a series of Poverty Reduction Support Credits (PRSCs) provided by the World Bank, and complemented by other donors' funds.</p> <p>The CPRGS (Comprehensive Poverty Reduction and Growth Strategy) approved in 2002 was the basis of PRSCs 1 to 5 and consists of three pillars , with pillar I more directly linked to PSD:</p> <ul style="list-style-type: none"> <li>• High growth through a transition to a market economy with reforms in foreign trade, state owned enterprises, the financial sector, and private sector development;</li> <li>• Promoting an equitable, socially inclusive and environmentally sustainable pattern of growth. This requires appropriate sectoral and social policies and programmes;</li> <li>• Building a modern public administration, legal and governance system, with reforms improving public finance management, legal development, and administrative transparency.</li> </ul> <p>The 4 “pillars” of the second batch (PRSC 6 to 10) of the PRSC were business development, social inclusion, natural resources and modern governance. The first pillar, namely “<b>Business development</b>” included an area on PSD and promoted greater competition and better integration into the world economy. It supported actions aimed at reinforcing global integration, measures to strengthen the reform of State-Owned Enterprises (SOEs), the adoption of a more streamlined approach to banking reform, the improvement of investment climate by facilitating business regulation, and development of infrastructure. Overall, these measures aimed to increased efficiency, rapid economic</p>	

	<p>growth and job creation.</p>
<b>Intervention Background &amp; History</b>	<p>Vietnam's Poverty Reduction Strategy was supported by a series of Poverty Reduction Support Credits (PRSCs) provided by the World Bank, and complemented by other donors' funds. The EC, through the support provided under this programme, joined other donors' efforts. PRSCs 1 to 5 aimed at strengthening and better co-ordinating the policy dialogue with the Government of Vietnam under the Comprehensive Poverty Reduction and Growth Strategy (CPRGS) process, with a view to delivering on the Paris Declaration and Hanoi Core Statement on Aid Effectiveness. The CPRGS approved in 2002 was based on three pillars:</p> <ul style="list-style-type: none"> <li>• High growth through a transition to a market economy with reforms in foreign trade, state owned enterprises, the financial sector, and private sector development;</li> <li>• Promoting an equitable, socially inclusive and environmentally sustainable pattern of growth. This requires appropriate sectoral and social policies and programmes;</li> <li>• Building a modern public administration, legal and governance system, with reforms improving public finance management, legal development, and administrative transparency.</li> </ul> <p>The Vietnam Development Report (VDR) 2007, co-signed by 16 donors, provided the main underpinnings for the new PRSC series (PRSC 6 to 10). The preparation of this report, entitled <i>Aiming High</i>, built on the analytical work done over the first PRSC cycle, on structural reforms (as summarized in the VDR 2006, on <i>Business</i>), institutional modernization (VDR 2005, on <i>Governance</i>) and on social inclusion (VDR 2004, on <i>Poverty</i>).</p>
<b>Overall objectives</b>	<p>The <b>overall objective</b> of the programme was to contribute to poverty reduction and sustainable and equitable growth in Vietnam through support to the state budget and the implementation of cross-cutting and sector reforms with a view to facilitate the implementation of the SEDP (Vietnamese Socio-Economic Development Plan). The specific development objectives spelled out in the SEDP address the Millennium Development Goal's and contained objectives in areas including education, public financial management, trade and environment.</p>
<b>Specific objectives</b>	<p>The <b>specific objectives</b> of the programme were to enhance social inclusion and public service delivery for the poor, to maintain macro-economic stability and promote a favourable business environment, to protect the environment and to strengthen government institutions and efficiency.</p>
<b>Expected results</b>	<p>EC support to Vietnam's budget through PRSC1 to 5 follows 3 pillars, with pillar I more directly linked to PSD and composed of the following elements, their results and monitoring :</p> <ul style="list-style-type: none"> <li>▪ Integration into the world economy (WTO) (Results and Monitoring : ratio of exports to GDP is increased, share of manufactured products in total exports is increased, share of private sector exports in non-oil exports is increased, quantitative restrictions abolished, modern customs procedures are in place, Vietnam becomes a member of the WTO)</li> <li>▪ State-owned enterprise reform (Results and Monitoring : there are fewer SOEs, the share of bank credit going to SOEs is reduced, high proportion of profitable SOEs, most non-performing inter-enterprise debts resolved, data on performance of SOEs available with greater frequency)</li> <li>▪ Financial sector reform (Results and Monitoring : banks in full compliance with banking regulations, low estimated NPL ratio in banking system, SBV focused on supervision and regulation, sound regulation of policy lending, improve disclosure requirements for unlisted securities and companies listed in the stock market)</li> <li>▪ Private sector development (Results and Monitoring : private investment constitutes greater share of GDP, more people are employed in the formal private sector, a level</li> </ul>

	<p>playing field secured with same regulations for all firms) :</p>
<p><b>Main Activities</b></p>	<p>In pillar I (Business Development), triggers of <u>PRSC6</u> are listed below:</p> <ul style="list-style-type: none"> <li>▪ Further restrict list of sectors where 100-percent state ownership is to be retained.</li> <li>▪ Require public disclosure of financial statements of SOCBs in line with internationally accepted standards.</li> <li>▪ Decentralize investment ownership to better integrate capital and recurrent budgets in the road transport sector.</li> <li>▪ Clarify contract specifications, investor qualifications and treatment of unsolicited proposals for BOT projects</li> </ul> <p>In pillar I (Business Development), triggers of <u>PRSC7</u> are listed below:</p> <ul style="list-style-type: none"> <li>▪ Establish consultation and information gathering mechanisms to identify the social and environmental impacts of WTO accession.</li> <li>▪ Assess scope and nature of lending and other transactions among affiliated parties in Economic Groups and General Corporations.</li> <li>▪ Approve equitization plans allowing participation of strategic investors for two SOCBs and complete the equitization of one of them.</li> <li>▪ Adopt market-based pricing systems to estimate the costs of state-funded civil engineering investments.</li> </ul> <p>In pillar I (Business Development), triggers of <u>PRSC8-10</u> are listed below:</p> <ul style="list-style-type: none"> <li>▪ Strengthen financial management of SOEs and their investments in other entities, defining the level of such investments.</li> <li>▪ Develop a time-bound plan to separate the exercising of the state-ownership rights from regulatory function in Economic Groups and large General Corporations.</li> <li>▪ Prepare revised Law on Central Bank focusing its mandate on and enhancing its autonomy in regard to monetary policy and financial sector stability.</li> <li>▪ Formulate a roadmap to improve corporate and government bond markets to foster financial and economic growth.</li> <li>▪ Enhance public disclosure and communication of SBV policies and banking sector statistics.</li> <li>▪ Adopt a pricing system for electricity from renewable energy and provide incentives for government procurement of energy-efficient equipment</li> </ul>

## No. 10: VPPSP - Vietnam

<b>Vietnam Private Sector Support Programme (VPSSP) (ASIE/2003/005-885)</b>	
<b>Intervention Type</b>	General Budget Support
	Sector Budget Support
	✓ Technical Assistance
<b>Start date &amp; End date</b>	<ul style="list-style-type: none"> <li>▪ <i>Start Date:</i> 2004</li> <li>▪ <i>End Date:</i> 2008</li> </ul>
<b>Budget: committed, contracted, disbursed</b>	<ul style="list-style-type: none"> <li>▪ <i>Committed:</i> € 7,8 m</li> <li>▪ <i>Contracted:</i> € 7,8 m</li> <li>▪ <i>Disbursed:</i> € 7,8 m</li> </ul>
<b>Beneficiary</b>	<ul style="list-style-type: none"> <li>▪ <i>Direct Beneficiary:</i> Direct beneficiaries of capacity-building activities in the programme were to be Vietnam's provincial and district government officials concerned with administering SME-related regulations, representatives of business associations and persons engaged in the private sector from the supply of business support and advocacy services.</li> <li>▪ <i>End beneficiaries :</i> the people of Vietnam in particular business owner-managers and employees.</li> </ul>
<b>Country/Region</b>	VPPSP first targeted a wave of 3 provinces, followed by a second wave of provinces.
<b>Intervention Description</b>	<p>The activities of component 1 (simplification and strengthening of the SME enabling environment at Provincial level) of the VPPSP will essentially be Technical Assistance for capacity building, dissemination of good practices, information dissemination and awareness raising.</p> <p>The activities of component 2 (establishing of pilot business-technology incubators in selected sectors of industry with the aim to replicate them thereafter in other locations) of the VPPSP will essentially be Technical Assistance as well as support to the start-up costs and dissemination of results and best practices.</p>
<b>Intervention Background &amp; History</b>	In April 2001 "The strategy for accelerated industrialization and modernization along socialist lines" was launched in Vietnam, setting out a strategy for the country to become, by 2020, an industrialized economy and for establishing the institutions of a socialist oriented market economy within the framework of poverty alleviation and job creation. The National Assembly approved changes to the Constitution making the private sector a key pillar of the economy. The driving force underlying economic growth was and still is the private sector. Confidence in the private sector has substantially improved since the adoption in January 2000 of the new Enterprise Law and the November 2001 Decree concerning the development of SMEs. The Government of Vietnam formulated an Action Plan in July 2002 and issued a Decree in August 2002 to improve the implementation of the Enterprise Law on the provincial level. The Unified Enterprise Law (2005) and the Common Investment Law (2006) demonstrated the strongly growing commitment of the Government to administrative reform. Identified weaknesses for SME development were unequal growth among the various regions and deficiencies in the capacity of provincial administrations and private sector associations to support SMEs in general and start-ups in particular.
<b>Overall objectives</b>	The Overall Objective (OO) of the EU- Vietnam Private Sector Support Programme (VPSSP) was "poverty alleviation and job creation via the promotion of the private sector,

	in particular of Vietnamese Small and Medium Enterprises (SMEs) and its integration into the international economy”
<b>Specific objectives</b>	The Project Purpose (PP) was to strengthen the administrative capacity and operational effectiveness of SME-related local government structures and private sector associations, fostering SME's development.
<b>Expected results</b>	<p>The expected results were:</p> <ul style="list-style-type: none"> <li>▪ Improvement of the administrative and regulatory environment for SME development at provincial level (nine provinces initially targeted)</li> <li>▪ Establishment of a public-private sector dialogue (conducive to SME development)</li> <li>▪ Enhancement of the capacity of business associations to represent private sector interests and needs, and increase the availability of support services for SMEs at provincial level</li> <li>▪ Facilitation of the creation of new enterprises through the establishment of replicable business-technology incubators in selected sectors: one for food processing in Hanoi and the other for IT enterprises in Ho Chi Minh City.</li> </ul>
<b>Main Activities</b>	<p>The programme activities were intended to:</p> <ul style="list-style-type: none"> <li>▪ Create an enabling environment conducive to SME development, in particular at provincial level; and</li> <li>▪ Establish pilot business-technology incubators to support the creation of enterprises in selected sectors of industry, with the aim of replicating them thereafter in other locations.</li> </ul>

## No. 11: ETV2 - Vietnam

European Technical Assistance Programme for Vietnam (ETV II) (ASIE/2002/002-474)	
<b>Intervention Type</b>	General Budget Support
	Sector Budget Support
	✓ Project-approach
<b>Start date &amp; End date</b>	<ul style="list-style-type: none"> <li>▪ <i>Start Date:</i> 2005</li> <li>▪ <i>End Date:</i> 2009</li> </ul>
<b>Budget: committed, contracted, disbursed</b>	<ul style="list-style-type: none"> <li>▪ <i>Committed:</i> €10.6m</li> <li>▪ <i>Contracted:</i> €10.6m</li> <li>▪ <i>Disbursed:</i> €10.6m</li> </ul> (based on the evaluation's inventory)
<b>Beneficiary</b>	<ul style="list-style-type: none"> <li>▪ <i>Direct Beneficiary:</i> officials at the Ministry of Finance, Ministry of Planning and Investment, Directorate General for Customs and the Directorate for Standards and Quality, e.g.:               <ul style="list-style-type: none"> <li>- Higher and middle level managers involved in planning and management.</li> <li>- Legal and technical drafters of taxation legislation, regulations, instructions and procedures.</li> <li>- Specific groups of Taxation / Custom Officers</li> <li>- Legal experts and administrators in the insurance and auditing departments</li> <li>- Information managers</li> <li>- Food Technicians and quality inspectors</li> </ul> </li> <li>▪ <i>End beneficiaries:</i> Vietnamese and European economic operators (exporters and importers), as well as consumers and industry.</li> </ul>
<b>Country/Region</b>	Vietnam
<b>Intervention Description</b>	Technical assistance programme aimed at improving economic and social development in Vietnam during the period of transition to a market economy.
<b>Intervention Background &amp; History</b>	Formulated against the background of a rapidly growing economy, the project aimed at consolidating the achievements of the past and supporting the country's transition to a functioning market economy, by creating conditions for a transparent, predictable, and competitive investment and business environment. This implied the establishment of an effective and efficient public administration, institutions and legal structure in line with international norms. The objective was also in line with the Vietnam Government's Comprehensive Poverty Reduction and Growth Strategy (CPRGS) and the Public Administrative Reform 2001-2010 and supported Vietnam's commitment to reforms made in connection with its accession to WTO, ASEAN, WCO, ISO etc. ETV II was a successor to ETV I which extended into new areas of support for the Commission in Vietnam (Taxation, Customs), while building on the achievements of its previous support in Accounting, Insurance, Standards and Quality.
<b>Overall objectives</b>	The overall objective of the European Technical Assistance Programme for Vietnam (ETV2) was to improve economic and social development in Vietnam during its period of transition to a market economy. This was to be achieved by facilitating better decision making in the public and private sector, and the development of clear, rational, transparent policies, strategies, plans and legislation through a strengthening of policy/legislation making capacity and of the means of implementation.
<b>Specific objectives</b>	The specific objectives were: <ul style="list-style-type: none"> <li>▪ To enhance capacity for raising domestic revenue at the Ministry of Finance for all</li> </ul>

	<p>major revenue sources and at all levels;</p> <ul style="list-style-type: none"> <li>▪ To strengthen policy making and to develop and apply related tools for implementation;</li> <li>▪ To improve auditing/accounting and insurance legislation and develop related standards in line with international ones;</li> <li>▪ To improve information management, monitoring systems and statistical analysis at the Ministry of Planning;</li> <li>▪ To create confidence in the process of Measuring, Standardisation, Testing and Quality.</li> </ul>
<b>Expected results</b>	<p>The main outputs of ETV2 were intended to be:</p> <ul style="list-style-type: none"> <li>▪ Increased revenue raising capacities as a consequence of an improved policy making process;</li> <li>▪ Effective taxation / custom laws and procedures and a fair and equitable tax collecting system;</li> <li>▪ The completion of legal frameworks for accounting, auditing and insurance in accordance with international standards;</li> <li>▪ Accurate statistical analysis, forecasting and monitoring to support policy decision making process;</li> <li>▪ A legal framework for standards and quality assurance in line with international standards; establishment of national normative corpus completed.</li> </ul>
<b>Main Activities</b>	<p>The project was composed of six components, of which components 3,4 and 6 were more directly linked to PSD.</p> <ul style="list-style-type: none"> <li>▪ Component 1: Fiscal Policy and Legal Advisory Services.</li> <li>▪ Component 2: Tax administration.</li> <li>▪ Component 3: Customs, including in view of making the business environment more attractive for foreign direct investment.</li> <li>▪ Component 4: Accounting, Auditing, Insurance, including preparation of decrees for the implementation of the law on accounting for business enterprises. This component is essential for the protection of investors and customers and for the competitiveness of Vietnam as a destination for foreign investment.</li> <li>▪ Component 5: Statistical Analysis, Policy Tools.</li> <li>▪ Component 6: Standards and Quality Control, starting from the indicated urgent sectors such as fish and other food products. This component will help the General Department of Standards, Measurement and Quality (STAMEQ) in completing its implementation/revision of the Measurement-Standards-Testing-Quality (MSTQ) practice and will involve the Vietnam Chamber of Commerce and Industry (VCCI) as reference point for documentation and basic formation, but also as representative of the developing Private Sector.</li> </ul>

## Data Collection Grid – Vietnam

<b>EQ 1</b>	<b>To what extent did the Commission's PSD strategy and programming take into account the recommendations of the 2005 evaluation and the evolution of the overall private sector environment?</b>
<b>Other relevant information (not captured elsewhere)</b>	<p>The Commission's approach to PSD has evolved significantly over the evaluation period:</p> <ul style="list-style-type: none"> <li>▪ 2004-2006 (1st Programming Period): the Commission conducted PSD activities under the CSP's second focal sector (enhancing integration into the world economy)</li> <li>▪ 2007-2010 (2<sup>nd</sup> Programming Period): the CSP did not include PSD as such under the focal or non-focal sectors, although some activities were undertaken as part of its approach to trade-related assistance (e.g., MUTRAP III)</li> </ul> <p>The rationale for each of the two approaches was presented by EC staff as the following:</p> <ul style="list-style-type: none"> <li>▪ 2004-2006: recognition of the importance of PSD to the Vietnamese economy as it evolved from lower to middle income status</li> <li>▪ 2007-2010: view that PSD was covered sufficiently by other donors in Vietnam, and therefore that it was wiser for the 2007-2013 CSP to use the limited number of focal sectors to cover other concerns</li> </ul> <p><i>Source: MN550, 570</i></p>
<b>JC 1.1</b>	<b><i>The Commission undertook efforts to make sure that the recommendations of the 2005 Evaluation were taken into account</i></b>
<b>Findings at JC level</b>	
<b>I-1.1.1</b>	Existence of a plan or specific approach for the dissemination of the Recommendations to those responsible for programming and design of interventions
<b>I-1.1.2</b>	Evidence of dissemination of the recommendations to those responsible for programming and design of interventions
<b>I-1.1.3</b>	Commission staff were conversant with the 2005 Evaluation or with the recommendations made in this evaluation
<b>I-1.1.1</b>	<p><b>VIETNAM:</b> No specific information found.</p> <p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p> <p><b>VPPSP - Vietnam</b></p> <p><b>ETV2 - Vietnam</b></p>
<b>I-1.1.2</b>	<p><b>VIETNAM</b></p> <p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p> <p><b>VPPSP - Vietnam</b></p>



	<b>ETV2 - Vietnam</b>
<b>I-1.1.3</b>	<p><b>VIETNAM</b></p> <p><b>EC staff in Vietnam were aware of the 2005 evaluation, but did not make significant use of it or follow up on recommendations:</b></p> <ul style="list-style-type: none"> <li>▪ The evaluation was disseminated from HQ to the EUD at the time.</li> <li>▪ The EUD forwarded it to PSD beneficiaries in the country</li> <li>▪ The EUD pulled out of PSD under the 2<sup>nd</sup> programming period (see above) and thus there was no opportunity to use the evaluation or follow up on recommendations</li> </ul> <p><i>Source: MN550, 570</i></p> <p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p> <p><b>VPPSP - Vietnam</b></p> <p><b>ETV2 - Vietnam</b></p>
<b>JC 1.2</b>	<b><i>Specific recommendations of the 2005 evaluation relating to the Commission's overall PSD Strategy have been taken into account</i></b>
<b>Findings at JC level</b>	There are clear links established between support to PSD by the EC and broader EU external policy objectives such as poverty reduction, particularly in the PRSC programme (see also JC 2.1) but it is not mentioned if this linkage was facilitated by the 2005 evaluation recommendations.
<b>I-1.2.1</b>	Evidence of greater clarity at programming level regarding the role of the Commission in PSD (particularly including the link between PSD, economic growth, the development objectives and poverty reduction)
<b>I-1.2.2</b>	Evidence of a process taking place to create a common vision of the Commission's PSD between HQ and EUD levels
<b>I-1.2.3</b>	Commission programming has prioritised the areas of highest Commission comparative advantage as described by the 2005 evaluation recommendation RS-2
<b>I-1.2.1</b>	<p><b>VIETNAM:</b></p> <p><i>"The transition to a market economy in Vietnam needs to be completed, with reforms in foreign trade, state owned enterprises, the financial sector, and private sector development."</i> (CSPNIP2002-2006 – NIP2005-2006 p19)</p> <p>EC staff noted that the connection between PSD activities and poverty reduction in particular was not especially evident in Vietnam. The activities conducted were considered as falling under the objective of enhancing integration into the world economy rather than targeting specific pockets of poverty in Vietnam.</p> <p><i>Source: MN550, 570</i></p> <p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p> <p><b>VPPSP - Vietnam</b></p> <p><b>ETV2 - Vietnam</b></p>
<b>I-1.2.2</b>	<p><b>VIETNAM</b></p> <p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p>

	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>I-1.2.3</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>JC 1.3</b>	<b><i>The Commission is aware, through studies and exchanges with other sources of aid for PSD, of the evolution of the private sector environment</i></b>
<b>Findings at JC level</b>	As shown in the quotes below, the Commission is aware of and takes into account the evolution of the private sector environment with respect to e.g. macro-economic situation and evolution, transition from planned to market economy, bilateral and multilateral trade agreements, foreign investment, etc.
<b>I-1.3.1</b>	Existence of Commission documents evidencing awareness of the evolution of the private sector environment
<b>I-1.3.2</b>	Stakeholders report existence of dialogue with other sources of aid for PSD concerning the evolution of the private sector environment
<b>I-1.3.3</b>	Evidence exists that the private sector environment has been taken into account in the Commission's PSD strategies and programming at country/regional level
<b>I-1.3.1</b>	<p><b>VIETNAM:</b></p> <p><i>"Vietnam, a country of 86 million, is a one-party state, but one which since the introduction of the doi moi (reformation) programme in 1986, has been slowly transforming into a market economy and experienced continual improvement in its economic basis. Gross Domestic Product (GDP) has more than doubled in the last decade, leading to an average per capita income of USD 1,024 in 2008. International trade and inflows of foreign direct investment (FDI) – mainly into export-oriented manufacturing – have been the main drivers of growth. This economic success has led to remarkable decreases in poverty. However, progress is uneven."</i> (EvalVol1pi)</p> <p><i>"After 1997, a combination of the regional financial crisis, which severely depressed foreign investment, and long-standing constraints within the economy led to a deceleration in growth until 2000. The introduction of a new, deregulating Enterprise Law in 2000 was an important point in Vietnam's development towards a market-based economy. The private sector was subsequently constitutionally granted the same status as the public sector, and party members were permitted to engage in private business, all of which precipitated a rapid expansion in the number of new businesses."</i> (EvalVol2p12)</p> <p><i>"Vietnam's membership in the ASEAN Free Trade Area (AFTA), entry into force of the US Vietnam Bilateral Trade Agreement in December 2001 and WTO accession in January 2007 have led to rapid changes in Vietnam's trade and economic regime. As summarised in the CSP 2007- 2013, the EU and the US are Vietnam's biggest export destinations, accounting in 2005 for 17- 18% of total exports each. While the EU's share has been relatively stable over the last decade, exports to the US increased six-fold since 2001 when a bilateral trade agreement was signed. The integration of Vietnam into the global economy has accelerated sharply in recent years. Exports now represent 64% of GDP, compared to 34% in 1994. They are concentrated in six product groups – crude oil, textiles and garments, footwear, seafood (mostly from aquaculture), wood products and electronic goods – which together account for around two thirds</i></p>

	<p><i>of total exports. Vietnam's exports remain heavily dependent on imported equipment and intermediate goods.” (EvalVol2p14)</i></p> <p><i>“Current concerns include unemployment, declining FDI, especially in construction (a driver of urban employment), and the scaling back or outright departure of foreign manufacturing firms.” (EvalVol1p25)</i></p> <p><i>“Vietnam's process of transition to a market economy is still on-going. State-owned enterprises (SOEs) still represent a substantial part of the economy. The process of SOE reform has slowed down in recent years. SOEs today account for 39% of both GDP and industrial output and 35% of non-oil exports (but only 10% of employment). While the SOE sector is becoming more profit-oriented and its economic performance has improved overall, it is consistently outperformed by the non-state sector, not least as a result of ineffective corporate governance. Since SOEs absorb a good third of the bank credit available and enjoy other types of preferential treatment from the authorities, e.g. as regards land allocation, they deprive the non-state sector of growth opportunities.” (CSPNIP2007-2013 p6-7)</i></p> <p><i>“Three major external trade events have marked Vietnam's recent path to integration into world's economic flows:</i></p> <ul style="list-style-type: none"> <li><i>• The Common Effective Preferential Tariff (CEPT) mechanism of the ASEAN Free Trade Area (AFTA) calls for an average import tariff in Vietnam of 0% to 5% by 2006. This is the agreement with the highest potential to influence the economic development of Vietnam in the short term, since it may create price competition by good quality substitute products for Vietnam's main export earners.</i></li> <li><i>• WTO. Vietnam became member of the World Trade Organisation in 2007.</i></li> <li><i>• US-Vietnam BTA. A US-Vietnam bilateral Trade Agreement was concluded in July 2000 and was ratified in 2001. This Agreement provides significant access to the Vietnamese market for US goods (mainly agricultural) and services, including financial and telecom.” (CSPNIP2002-2006 p11-12)</i></li> </ul>
	<p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p> <p><i>“For 2007, the BOP (Balance of Payments) remained sound with the current account deficit being largely financed by ODA and private capital inflows. The flip side was a large trade deficit and a substantial accumulation of foreign reserves. The rigid exchange rate of the State Bank of Vietnam's (SBV) makes its external position vulnerable.” (PRSC7-9, AF, annex on macroeconomics, p3-5)</i></p> <p><i>« Although Vietnam's growth performance remains strong, there were signs of overheating in 2007, including a significant acceleration of inflation. » (PRSC7-9, AF p3)</i></p> <p><i>« Inflows of foreign direct investments, remittances, aid and portfolio investments have built up important foreign exchange reserves, resulting in an acceleration of credit growth from 25.4 percent in 2006 to 50.6 percent by November 2007. In March 2008, Government announced a package of policy measures addressing the overheating of the economy and adopt a comprehensive approach which include, among others, a reduction in the growth rate of credit, the use of a more diversified basket of currencies as the reference for exchange rate policy and limiting real estate speculation. » (PRSC7-9, AF p3)</i></p> <p><i>« After three years of remarkable economic performance, with growth exceeding 8%, 2008 is a difficult year for Vietnam. As elsewhere, food prices, which constitute 42% of the CPI basket, rose dramatically, namely by 21.16% in 2007 and accelerated further to 25% in May 2008.</i></p>

	<p>Overall, as a major food producer and exporter of rice, coffee and pepper, Vietnam benefits from the increases. However, these gains are unevenly spread over the population, with the urban poor and ethnic minorities being on the losing end. Looking forward, most observers believe that Vietnam's economic prospects remain positive, but the government's ability to ensure macro economic stability will be severely tested. The uncertainty of short term capital inflows is a particular source of concern. Strengthening supervisory capacity and prudential regulations of the financial is essential, and is progressing well. » (AAP2008 Memorandum to DCI p1)</p> <p>“The level of public debt, at 44 percent of GDP, is moderate.” (PRSC7-9, AF, annex on macroeconomics, p3-5)</p> <p>« Having weathered a domestic crisis in early 2008, Vietnam is now looking to navigate the global crisis. Accession to the World Trade Organization (WTO), in early 2007 had reassured investors about the government's commitment to economic reform. It translated into massive capital inflows in late 2007 and early 2008, resulting in economic overheating. » (PRSC8 Appraisal by WB, p1)</p> <p>« A determined reaction by the government from March 2008 onward (the “eight groups of measures”) succeeded in stabilizing the economy. In spite of surging world prices of food and oil, tight monetary policy and some measure of fiscal restraint ended the asset price bubbles and brought monthly inflation down from more than 3 percent a month to virtually zero in barely six months. Combined with a more active management of trade policy and the foreign exchange market, the stabilization package also succeeded in reducing the trade deficit to manageable levels. » (PRSC8 Appraisal by WB, p2)</p> <p>« The government reacted swiftly to this second economic shock, shifting gears from stabilization to supporting economic activity (the “five groups of measures”) in November 2008. The immediate components of this reaction included cutting payments of enterprise income tax, deferring payments of personal income tax, and providing a cash handout to poor households on the occasion of the Lunar New Year. However, the most decisive move concerned monetary policy. » (PRSC8 Appraisal by WB, p4)</p> <p>« The banking sector is muddling through. Quantitative indicators of the quality of their portfolio indicate that the fraction of non-performing loans (NPLs) had started to decline in October 2008, when the monetary policy easing started, but are slowly climbing again. » (PRSC8 Appraisal by WB, p4)</p> <p><b>VPPSP – Vietnam:</b> See J.C. 1.4.</p> <p><b>ETV2 – Vietnam:</b> “ETV2 and its six components must be seen in the overall context of Vietnams’ economic and social development and the development goals as stipulated in the following policy documents:</p> <ul style="list-style-type: none"> <li>• ‘Comprehensive Poverty Reduction and Growth Strategy’, Socialist Republic of Vietnam, Hanoi, 21<sup>st</sup> May 2002</li> <li>• European Commission Country Strategy Paper for Vietnam 2002 to 2006</li> <li>• European Commission National Indicative Programme for Vietnam 2002 to 2004</li> <li>• ‘Vietnam- Country Financial Accountability Assessment’, World Bank Report n. 22987-VN, 15<sup>th</sup> October 2001</li> <li>• ‘The Vietnam Government’s Socio-economic Development Strategy (SEDS) 2001-2010’ (FP p4)</li> </ul>
I-1.3.2	<b>VIETNAM</b>

	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>I-1.3.3</b>	<p><b>VIETNAM</b></p> <p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p> <p><i>« Donors recognize that some of the reforms needed will be challenging, requiring attention to their content and timeliness. The SEDP (Vietnamese Socio-Economic Development Plan) represents a sustainable development strategy only provided that macroeconomic management remains prudent and state sector reform is not delayed. Moreover, the list of policy reforms considered by the SEDP is remarkably broad, which makes prioritization and sequencing a necessity. There is consensus that supporting the reform agenda of Vietnam does not entail favoring one of the SEDP pillars over the others. But it requires being selective within each of the pillars, and paying attention to the content of the most important measures. This is seen as a critically important time for engagement by the international community. Vietnam's ability to sustain its remarkable growth trajectory over several more decades, and eventually become an industrial country, may be determined during the next few years. The reforms associated with attaining middle-income status are more complex than those needed to move away from central planning. Active engagement should contribute to improving the content and coherence of such reforms. » (PRSC7 Appraisal by WB, p2)</i></p> <p><i>“In terms of <b>sector composition</b>, figures from 2006 indicate the following shares in percent of GDP; agriculture: 20.4 percent, industry and construction: 41.5, services: 38.1. In its annual report on the SEDP, produced at the end of 2007, the Government of Vietnam (GoV) states that the “economic structure should be transformed, increasing the industrial, construction and service sectors share of total output whilst decreasing the relative size of the agricultural, forestry and fishery sectors.” (PRSC7-9, AF, annex on macroeconomics, p2)</i></p> <p><b>VPPSP – Vietnam</b></p> <p><i>“Since the adoption in January 2000 of the new Enterprise Law and the November 2001 Decree concerning the development of SME, enterprise creation has increased continuously with an average pace of 1600 new companies per month. Private enterprises are particularly dynamic and saw their role in the economy steadily growing, representing in 2002 nearly 30% of total new investment, with employment growth of about 30% per year.</i></p> <p><i>However, the relative size of the private sector remains limited, representing only 8% of the GDP and 3% of total employment, and, therefore, Vietnam must do more to accelerate private SME growth to attain its development objectives. Furthermore, growth is unbalanced between regions and sectors.” (FA Annex1 p3)</i></p> <p><i>“Risks and assumptions related to the project:</i></p> <ul style="list-style-type: none"> <li>• <i>The overall state on the international economy which may have a significant impact on investment and trade flows in Vietnam..</i></li> <li>• <i>Vietnam still has a good distance to travel before it is regarded as a primer investment location. Main issue to target is Vietnam's reputation for slow bureaucratic decision-making and for insufficient transparency.</i></li> <li>• <i>The Programme success depends largely on the commitment of the Vietnamese authorities.</i></li> </ul> <p><i>Sustainability depends also on the quality and continuity of the participating government officials</i></p>

	<p><i>and personnel trained in the Incubators, so that the knowledge transferred is not lost.” (FP p8)</i></p> <p><b>ETV2 – Vietnam</b></p> <p>Vietnam is developing rapidly and much progress is being made in its transition towards a market economy. Urgent reform of public institutions and modernisation of legislation is needed in order that development and transition can be consolidated. Export potential, particularly in fisheries and agricultural products, is thwarted by inadequate standards and quality legislation and testing facilities.</p> <p><i>“ETV2 is to be achieved by facilitating better decision making in the public and private sector, and the development of clear, rational, transparent policies, strategies, plans and legislation through a strengthening of policy/legislation making capacity and of the means of implementation.” (FP p1-2)</i></p> <p><i>“Formulated against a background of a rapidly growing transitional economy, ETV II, a successor to ETV I, dealt with a number of institutional issues that were critical to consolidate past achievements and confirm the reform strategy and future trajectory of growth for the country in line with internationally accepted norms. It covered issues that were important for consumer protection (e.g. legislation of the insurance market or product/food safety) or had a high impact on large groups of beneficiaries/stakeholders (e.g. changes in the tax laws and structure) or were crucial to allow the Government to make informed policy decisions (e.g. data production/analysis). The objectives of the measures proposed under the project were highly relevant, consistent and timely in order to keep pace with the changes taking place in the economy and the overall reform process. The measures were also relevant in that they supported Vietnam’s international commitment to WTO, ASEAN, WCO, ISO etc. and were fully in line with EC’s NIP as well as the Government’s Comprehensive Poverty Reduction and Growth Strategy. The institutional and capacity building approach underpinning the project are seen as a continuous process and are as relevant today, responding to the needs of the target groups ,as they were when designed.” (BCS sheet 1)</i></p>
<b>JC 1.4</b>	<b><i>Policy documents and surveys relating to PSD and the quality of aid have been taken into account by the Commission</i></b>
<b>Findings at JC level</b>	
<b>I-1.4.1</b>	Documents show that new policy recommendations have been taken into account
<b>I-1.4.2</b>	Stakeholders report existence of internal dialogue or other process(es) that take into account new policy recommendations regarding quality of PSD aid
<b>I-1.4.1</b>	<p><b>VIETNAM:</b> No specific information found.</p> <p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p> <p><b>VPPSP – Vietnam:</b></p> <p><b>ETV2 – Vietnam:</b></p>
<b>I-1.4.2</b>	<p><b>VIETNAM</b></p> <p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p> <p><b>VPPSP - Vietnam</b></p> <p><b>ETV2 - Vietnam</b></p>

<b>EQ 2</b>	<b>To what extent was Commission support to PSD in partner countries part of a strategic approach geared to the overall objectives of EU External Policy, while aligning with the priorities of the country/region and maximizing its VA, including in terms of synergies with other actors and other types of Commission support?</b>
<b>Other relevant information (not captured elsewhere)</b>	
<b>JC 2.1</b>	<b><i>Commission geared PSD support towards overall EU external policy objectives</i></b>
<b>Findings at JC level</b>	The quotes mentioned in this JC show that EU external policy objectives are clearly linked to support to PSD, particularly in the PRSC and VPPSP programmes. Links to poverty reduction in particular, however, were questioned by EC staff and stakeholders in the field.
<b>I-2.1.1</b>	Relation between overall EU external policy objectives and Commission PSD support is explicitly identified in Commission policy documentation
<b>I-2.1.2</b>	Programming documentation explicitly relates PSD interventions to overall EU external policy objectives
<b>I-2.1.3</b>	Stakeholders consider that Commission PSD support has contributed to the achievement of overall EU external policy objectives
<b>I-2.1.1</b>	<p><b>VIETNAM:</b></p> <p>As noted in EQ1 above, EC staff noted that Commission support for PSD under the 1<sup>st</sup> Programming Period was implemented as part of its efforts to encourage increased integration in the world economy. Linkages to poverty reduction in the Vietnamese context were questioned by EC staff.</p> <p><i>Source: MN550, 570</i></p> <p>Other donors and EC beneficiaries in Vietnam also argued that EC PSD support in PSD has not been specifically targeted towards poverty reduction, focusing instead on the institutional level rather than conducting micro-level projects tightly targeted on the remaining “pockets of poverty” in the country.</p> <p><i>Source: MN570, 558, 568</i></p> <p><i>“The EU’s approach to the support of Vietnam’s global and regional economic integration is based on the notion of coherence between development and trade.” (EvalVol2p100)</i></p> <p><i>The main legal basis for cooperation with Vietnam over the period 1996-2006 was EC Regulation 92/432, the “Asia-Latin America” or ALA regulation. This covered financial and technical assistance and economic cooperation, taking the form of grants. The Regulation specified that economic cooperation should be in the mutual interest of the EU and the partner country or organisation. No similar requirement was stated for financial and technical assistance. (EvalVol1p4)</i></p>

	<p><i>“Explicit linkages between integration into the world economy and poverty reduction are not usually established. The project document for PRSC general budget support is the notable exception.” (EvalVol2p107)</i></p> <p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p> <p><i>« Global budget support is well-established in Vietnam and delivered through a joint donor process coordinated by the World Bank called Poverty Reduction Support Credit (PRSC). » (PRSC7-9, AF p1)</i></p> <p><i>« While PRSC 1 to 5 supported the first Vietnamese Socio-Economic Development Plan, SEDP (2001-2005), the new cycle of PRSC operations, PRSC 6 to 10, supports the SEDP 2006-2010. » (PRSC7-9, AF p1)</i></p> <p><i>“The SEDP is a well defined national development strategy, supported by the last EC 2007-2013 country strategy paper to Vietnam, and complying with the criteria for a poverty reduction strategy for all development partners.” (PRSC7-9, FA, TAPs, p6)</i></p> <p><i>“The European Poverty Reduction Support Programme in Vietnam (EPRSP) is the European Commission contribution to the general budget support mechanism under the Poverty Reduction Support Credit 7, 8 and 9 “(PRSC).</i></p> <p><i>“The <b>overall objective</b> of the programme is to contribute to poverty reduction and sustainable and equitable growth in Vietnam through support to the state budget and the implementation of cross-cutting and sector reforms with a view to facilitate the implementation of the SEDP (Vietnamese Socio-Economic Development Plan). The specific development objectives spelled out in the SEDP address the Millennium Development Goal’s and contain objectives in areas including education, public financial management, trade and environment</i></p> <p><i>The <b>specific objectives</b> of the programme are to enhance social inclusion and public service delivery for the poor, to maintain macro-economic stability and promote a favourable business environment, to protect the environment and to strengthen government institutions and efficiency.” (PRSC7-9, FA, TAPs, p2)</i></p> <p><i>“The 4 “pillars” of the second batch (6 to 10) of the PRSC are business development, social inclusion, natural resources and modern governance.” (PRSC7-9, FA, TAPs, p3)</i></p> <p><i>« The first pillar, namely “<b>Business development</b>” includes an area on PSD and promotes greater competition and better integration into the world economy. It supports actions aimed at reinforcing global integration, measures to strengthen the reform of State-Owned Enterprises (SOEs), the adoption of a more streamlined approach to banking reform, the improvement of investment climate by facilitating business regulation, and development of infrastructure. Overall, these measures should lead to increased efficiency, rapid economic growth and job creation. » (PRSC7-9, AF p4)</i></p> <p><i>« In Vietnam poverty has been consistently and rapidly declining, falling from 58.1% in 1993 to 28.9% in 2002 to 16% in 2006 according to the last household survey data, and most social indicators of development recorded large gains. Five of the ten main Millennium Development Goal targets set for 2015 have already been attained (poverty reduction, reducing the proportion of people suffering from hunger, reducing gender gaps in primary and secondary education and fewer malaria cases), and another four could be reached ahead of time. Challenges remain in the area of water and sanitation. » (PRSC7-9, AF p1)</i></p>
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	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>I-2.1.2</b>	<p><b>VIETNAM:</b></p> <p>The NIP 2005-2006 will enhance the poverty reduction focus of the CSP, while ensuring a concentration and consolidation of EC support and enabling the EC to continue the drive to provide the bulk of its support, if possible, through sector approaches and budgetary support. The new NIP will build on EC experience and expertise in the selected focus sectors.</p> <p><i>“The new NIP will also consolidate co-ordination and harmonisation with other donors, particularly the EU Member States.” (CSPNIP2002-2006 – NIP2005-2006 p13) “The general objective of the Poverty Reduction Support Credit process is to ensure satisfactory progress in the implementation of the Comprehensive Poverty Reduction and Growth Strategy (CPRGS). Specific objectives include the completion of Vietnam’s transition to a market economy, making development inclusive and building modern governance. PovertyReduction (PRSC IV and V) is earmarked a budget of 14-16 million euro. (CSPNIP2002-2006 – NIP2005-2006 p15) In the context of poverty reduction, sustainable human development requires among others sustained economic growth. The transition to a market economy in Vietnam needs to be completed, with reforms in foreign trade, state owned enterprises, the financial sector, and private sector development.” (CSPNIP2002-2006 – NIP2005-2006 p19)</i></p> <p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p> <p><b>VPPSP – Vietnam:</b></p> <p><i>“The global objective of the Vietnam Private Sector Support Programme (VPSSP) is poverty alleviation and job creation via promotion of the private sector, in particular of Vietnamese small and medium enterprises (SME), and its integration into the international economy.” (FA Annex1 p3)</i></p> <p><i>“Vietnam’s economy is on the path of sustainable and equitable growth and has good prospects to achieve the National Target Programme on Hunger Eradication and Poverty Reduction and Employment (HEPR), in line with the Millennium Development Goals. Over the last decade, the economy almost doubled and the poverty declined by half. The driving force underlying this strong growth is the private sector.” (FA Annex1 p3)</i></p> <p><i>“The objectives of the VPSSP are fully consistent with the Country Strategy Paper (CSP). The overarching objective of EC support to Vietnam is the sustainable reduction of poverty, in line with the “European Consensus on Development””. (BCS-020441.03 – sheet1)</i></p> <p><b>ETV2 – Vietnam:</b></p> <p><i>“The overall objective of the European Technical Assistance Programme for Vietnam (ETV2) is to improve economic and social development in Vietnam during its period of transition to a market economy. This is to be achieved by facilitating better decision making in the public and private sector, and the development of clear, rational, transparent policies, strategies, plans and legislation through a strengthening of policy/legislation making capacity and of means of implementation. Total EC contribution earmarked : 11 034 800 euro, for a total duration of 4 years, ending on 30 April 2011 and operational implementation ending on 30 April 2009” (FA revised annexII p3)</i></p> <p><i>“ETV2 and its six components must be seen in the overall context of Vietnams’ economic and social development and the development goals as stipulated in the following policy documents:</i></p>

	<ul style="list-style-type: none"> <li>• 'Comprehensive Poverty Reduction and Growth Strategy', Socialist Republic of Vietnam, Hanoi, 21<sup>st</sup> May 2002</li> <li>• European Commission Country Strategy Paper for Vietnam 2002 to 2006</li> <li>• European Commission National Indicative Programme for Vietnam 2002 to 2004</li> <li>• 'Vietnam- Country Financial Accountability Assessment', World Bank Report n. 22987-VN, 15<sup>th</sup> October 2001</li> <li>• The Vietnam Government's Socio-economic Development Strategy (SEDS) 2001-2010' (FP p4)</li> </ul>
I-2.1.3	<b>VIETNAM</b> <b>PRSC 3 to 9 - Vietnam (GBS)</b> <b>VPPSP - Vietnam</b> <b>ETV2 - Vietnam</b>
JC 2.2	<b><i>The Commission applied explicit policies and guidelines to make sure that its support to PSD was part of a strategic approach</i></b>
Findings at JC level	<p>PSD in Vietnam and more particularly PSD in interventions PRSC and ETV is embedded in a broader strategic approach geared towards economic development and poverty reduction.</p> <p><i>"During the 2002-2006 phase, EC support focused on two priorities, which reflected the two principle challenges facing Vietnam:</i></p> <ul style="list-style-type: none"> <li>□ <i>The enhancement of human development;</i></li> <li>□ <i>The integration of Vietnam into the international economy, by assisting reform towards a market-oriented economy, and Vietnam's integration into world and regional economic structures. In particular, action 2 of focal point 2 was earmarked 10 million euro for Support to the Private Sector"</i> (EvalVol1p11)</li> </ul> <p><i>"EC interventions have been explicitly aimed at Vietnam's economic reform process and the country's integration in the regional and global economy/trading system and have effectively responded to the Government's and the emerging private sector's capacity needs, particularly in the context of trade negotiations for Vietnam's WTO access. Lessons learned were consistently incorporated. »</i> (EvalVol1p22)</p> <p><i>"Vietnam needs to consolidate its integration into the international economy as it continues its transition to a market economy and accedes to the World Trade Organisation, while ensuring its WTO obligations are met and that the benefits of economic growth are available to all."</i> (CSPNIP2007-2013 p4)</p>
I-2.2.1	Existence of policy documents and guidelines that explicitly tackle the importance of a strategic (prioritised) approach towards PSD alongside the different dimensions mentioned
I-2.2.2	These policies and guidelines were utilised for the design of PSD strategies at country/ regional level and for the programming
I-2.2.3	Commission staff expressed the view that the guidance provided was appropriate
I-2.2.1	<b>VIETNAM:</b> <i>"Based on one of the general lessons learned from the CSP 2002-2006, namely "the effectiveness of EC aid to Vietnam would be enhanced if there were a narrower sectoral focus", the overarching</i>

	<p><i>objective of EC support to Vietnam under the CSP 2007-2013 is the sustainable reduction of poverty, in line with the "European Consensus on Development". This objective is to be achieved mainly by providing support to the implementation of Vietnam's Socio-economic Development Plan and support to the health sector." (EvalVol1p13)</i></p> <p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p> <p><i>« Vietnam's Poverty Reduction Strategy is supported by a series of Poverty Reduction Support Credits (PRSCs) provided by the World Bank, and complemented by other donors' funds. The EC, through the support provided under this programme, will join other donors' efforts aimed at strengthening and better co-ordinating the policy dialogue with the Government of Vietnam under the Comprehensive Poverty Reduction and Growth Strategy (CPRGS) process, with a view to delivering on the Paris Declaration and Hanoi Core Statement on Aid Effectiveness. The CPRGS approved in 2002 is based on three pillars:</i></p> <ul style="list-style-type: none"> <li><i>• High growth through a transition to a market economy with reforms in foreign trade, state owned enterprises, the financial sector, and private sector development;</i></li> <li><i>• Promoting an equitable, socially inclusive and environmentally sustainable pattern of growth. This requires appropriate sectoral and social policies and programmes;</i></li> <li><i>• Building a modern public administration, legal and governance system, with reforms improving public finance management, legal development, and administrative transparency.</i></li> </ul> <p><i>Support to Vietnam's budget through PRSC5 follows those 3 pillars, with pillar I more directly linked to PSD. » (PRSC5, FA, TAPs p4-5)</i></p> <p><i>« While PRSC 1 to 5 supported the first SEDP (2001-2005), the new cycle of PRSC operations, PRSC 6 to 10, supports the SEDP 2006-2010. The PRSC enables donors to have a unified voice in the policy dialogue and to comply with the Paris Declaration and the requirements of the aid effectiveness agenda in Vietnam. The European Poverty Reduction Support Programme in Vietnam is the EC contribution to the joint Government-Development Partner process. » (PRSC7-9, AF p1)</i></p> <p><i>"The SEDP (Vietnamese Socio-Economic Development Plan) is the core strategy of the Government of Vietnam on which donors aligned their support. The SEDP discusses development orientations for all sectors and fields, with varying degrees of analytical depth and detail. For each PRSC operation, donors jointly prepare a list of triggers and policy actions proposed to Government as a basis for discussion. Selection of triggers for the following PRSC operation takes place during the final negotiation of the previous PRSC operation (around May). Selection for policy actions is made at the beginning of the PRSC operation (from August to September)." (PRSC7-9, FA, TAPs, p8)</i></p> <p><i>"The European Poverty Reduction Support Programme in Vietnam (EPRSP) is the European Commission contribution to the general budget support mechanism under the Poverty Reduction Support Credit 7, 8 and 9 (PRSC).</i></p> <p><i>The <b>overall objective</b> of the programme is to contribute to poverty reduction and sustainable and equitable growth in Vietnam through support to the state budget and the implementation of cross-cutting and sector reforms with a view to facilitate the implementation of the SEDP (Vietnamese Socio-Economic Development Plan). The specific development objectives spelled out in the SEDP address the Millennium Development Goal's and contain objectives in areas including education, public financial management, trade and environment</i></p> <p><i>The <b>specific objectives</b> of the programme are to enhance social inclusion and public service delivery for the poor, to maintain macro-economic stability and promote a favourable business environment, to protect the environment and to strengthen government institutions and efficiency."</i></p>
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	<p>(PRSC7-9, FA, TAPs, p2)</p> <p><i>“The 4 “pillars” of the PRSC are business development, social inclusion, natural resources and modern governance.”</i> (PRSC7-9, FA, TAPs, p3)</p> <p><i>« The first pillar, namely “<b>Business development</b>” includes an area on PSD and promotes greater competition and better integration into the world economy. It supports actions aimed at reinforcing global integration, measures to strengthen the reform of State-Owned Enterprises (SOEs), the adoption of a more streamlined approach to banking reform, the improvement of investment climate by facilitating business regulation, and development of infrastructure. Overall, these measures should lead to increased efficiency, rapid economic growth and job creation. »</i> (PRSC7-9, AF p4)</p>
	<p><b>VPPSP – Vietnam:</b></p> <p><i>“Since the adoption in January 2000 of the new Enterprise Law and the November 2001 Decree concerning the development of SME, enterprise creation has increased continuously with an average pace of 1600 new companies per month. Private enterprises are particularly dynamic and saw their role in the economy steadily growing, representing in 2002 nearly 30% of total new investment, with employment growth of about 30% per year.</i></p> <p><i>However, the relative size of the private sector remains limited, representing only 8% of the GDP and 3% of total employment, and, therefore, Vietnam must do more to accelerate private SME growth to attain its development objectives. Furthermore, growth is unbalanced between regions and sectors.”</i> (FA Annex1 p3)</p> <p><i>“The sense of ownership of the programme varied among the target groups. Whereas government staff in the three core provinces showed a good level of ownership for most of the project activities, this was much less with other agencies and private sector organisations. This is partly due to unrealistic expectations, i.e. many stakeholders expected more financial support and capacity building activities.”</i> (BCS-020441.03 – sheet5)</p>
	<p><b>ETV2 – Vietnam:</b></p> <p><i>“The envisaged results of the project are:</i></p> <ul style="list-style-type: none"> <li>• <i>Increased revenue raising capacities as a consequence of an improved policy making process;</i></li> <li>• <i>Effective taxation / custom laws and procedures and a fair and equitable tax collecting system;</i></li> <li>• <i>The completion of legal frameworks for accounting, auditing and insurance in accordance with international standards;</i></li> <li>• <i>Accurate statistical analysis, forecasting and monitoring to support policy decision making process;</i></li> <li>• <i>A legal framework for standards and quality assurance in line with international standards; establishment of national normative corpus completed.”</i> (FA revised annexII p3)</li> </ul> <p><i>“The project is composed of six components, of which components 3,4 and 6 are more directly linked to PSD.</i></p> <p><i>Component 1: Fiscal Policy and Legal Advisory Services.</i></p> <p><i>Component 2: Tax administration.</i></p> <p><i>Component 3: Customs, including in view of making the business environment more attractive for foreign direct investment.</i></p> <p><i>Component 4: Accounting, Auditing, Insurance, including preparation of decrees for the implementation of the law on accounting for business enterprises. This component is essential for the protection of investors and customers and for the competitiveness of Vietnam as a destination</i></p>

	<p>for foreign investment.</p> <p><i>Component 5: Statistical Analysis, Policy Tools.</i></p> <p><i>Component 6: Standards and Quality Control, starting from the indicated urgent sectors such as fish and other food products. This component will help the General Department of Standards, Measurement and Quality (STAMEQ) in completing its implementation/revision of the Measurement-Standards-Testing-Quality (MSTQ) practice and will involve the Vietnam Chamber of Commerce and Industry (VCCI) as reference point for documentation and basic formation, but also as representative of the developing Private Sector.” (FA revised annexII p3-4)</i></p>
I-2.2.2	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
I-2.2.3	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>JC 2.3</b>	<b><i>The PSD strategies and programming of the Commission took into account the national/regional priorities</i></b>
<b>Findings at JC level</b>	<p>Quotes below indicate strong interactions and dialogue between national priorities (particularly the SEDP - Vietnamese Socio-Economic Development Plan) and EC (PSD) support. Which tend to influence the other and which tend to follow seems to depend on the intervention. For instance the GoV and other Vietnamese stakeholders seem to be driving the ETV orientations while in the PRSC instead, there seems to be a strong coordinated donors’ voice influencing the Vietnamese alignment with the intervention.</p>
<b>I-2.3.1</b>	The Commission conducted a policy dialogue with national authorities on PSD strategies
<b>I-2.3.2</b>	CSPs/RSPs clearly link the Commission PSD support to national/regional overall and PSD specific strategies and programming
<b>I-2.3.3</b>	Stakeholders consider that Commission support to PSD is aligned to the overall and sector specific national priorities
I-2.3.1	<b>VIETNAM</b>
	<p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p> <p><i>“The donor community as a whole is increasingly gathering around the SEDP/PRSC process as a guiding framework for all assistance to Vietnam.” (PRSC7-9, FA, TAPs, p5)</i></p> <p><i>“The SEDP (Vietnamese Socio-Economic Development Plan) is the core strategy of the Government of Vietnam on which donors aligned their support. The SEDP discusses development orientations for all sectors and fields, with varying degrees of analytical depth and detail. For each PRSC operation, donors jointly prepare a list of triggers and policy actions proposed to Government as a basis for discussion. Selection of triggers for the following PRSC operation takes place during the final negotiation of the previous PRSC operation (around May).</i></p>

	<p><i>Selection for policy actions is made at the beginning of the PRSC operation (from August to September).” (PRSC7-9, FA, TAPs, p8)</i></p> <p><i>“Activities during each PRSC year include the definition of a policy matrix that is the basis for the annual policy dialogue. The PRSC process is led on the donors’ side by the World Bank and by the State Bank of Vietnam on the Government’s side. The PRSC dialogue is also open to non co-financiers and the civil society.” (PRSC7-9, FA, TAPs, p3)</i></p> <p><i>“More than 20 line ministries and government agencies participated in the preparation and implementation of the policy matrix, a National Steering Committee for the implementation of PRSC operations was established in 2002.” (PRSC7-9, FA, TAPs, p5)</i></p> <p><i>“The Ministry of Planning and Investment’s secretariat for the SEDP is responsible for the overall oversight of all donors’ related activities in support of the implementation of the SEDP”. (PRSC7-9, FA, TAPs, p5)</i></p> <p><i>« While PRSC 1 to 5 supported the first SEDP (2001-2005), the new cycle of PRSC operations, PRSC 6 to 10, supports the SEDP 2006-2010. The PRSC enables donors to have a unified voice in the policy dialogue and to comply with the Paris Declaration and the requirements of the aid effectiveness agenda in Vietnam. The European Poverty Reduction Support Programme in Vietnam is the EC contribution to the joint Government-Development Partner process. » (PRSC7-9, AF p1)</i></p> <p><i>« The process saw a transition in the role of co-financiers, from providers of finance to partners engaged in the preparation of the operations and the policy dialogue with the Government. This dialogue is organized by policy areas, in which development partners engage selectively, based on their interests and technical capacity on the ground. The PRSC framework also serves as a coordination device for technical assistance (TA) provided by donors, and the TA in turn provides valuable inputs to the policy dialogue. » (PRSC8 Appraisal by WB, p8)</i></p>
	<p><b>VPPSP – Vietnam:</b></p> <p><i>“The Programme purpose is to strengthen the administrative capacity and operational effectiveness of SME-related local government structures and private sector associations, fostering SME’s development, in line with the reform process leading towards a market-oriented economy in Vietnam.” (FA Annex1 p3)</i></p> <p><i>“The activities pursued by the programme are in line with the Action Plan adopted by the Government in July 2002 to strongly support private sector development, and with Decree of August 2002 to improve the implementation of the Enterprise Law at provincial level. “(FA Annex1 p4)</i></p> <p><i>“A new Enterprise Law came into effect in 2000 “To ensure rights to freedom and equality under and before laws in business operations by all enterprises of all economic sectors; to protect the lawful rights and interests of investors; and to enhance the effectiveness of state management of activities.” The President of Vietnam requires the government to encourage national and international organisation to assist in the development of SMEs. An SME development department was later established within the Ministry for Planning and Investment (MPI) and produced a report, ‘Support for private sector development: modelling the national SME</i></p>

	<p><i>Promotion Agency &amp; Private Sector Promotion Council</i>, in April 2001. Subsequent to this and continuing the collaboration with MPI, the European Commission funded a project identification mission to support private sector development in Vietnam. From July to September 2003 an appraisal mission was undertaken by the EC Delegation in Hanoi. The appraisal mission visited Vietnamese government and private sector actors in several provinces in the northern, central and southern regions and in central government and all actors have been found to be receptive and supportive towards the proposal; other donors were also consulted on proposed activities; no substantive changes to project modalities are proposed.” (FP p4-5)</p> <p>The objectives of the Programme are also in line with the Government’s overall policy objective for the socio-economic development of Vietnam as set by the Socio-Economic Development Strategy for 2001-2010: <i>“Accelerating industrialisation and modernisation in the socialist orientation and creating a foundation for Viet Nam to become an industrialised country by 2020”</i>. (FP p6)</p> <p><b>ETV2 – Vietnam:</b></p> <p><i>“The proposed programme, ETV2, concentrates on a limited number of fields jointly identified by the Commission and the Government of Vietnam based on priority needs, the activities of other donors, and Commission competence.”</i> (FP p3)</p> <p><i>“The Commission was assisted in the preparation of ETV2 by the work of a preparation mission that comprised European and Vietnamese experts in the target fields.”</i> (FP p3)</p> <p><i>“ETV2 and its six components must be seen in the overall context of Vietnams’ economic and social development and the development goals as stipulated in the following policy documents:</i></p> <ul style="list-style-type: none"> <li>• <i>‘Comprehensive Poverty Reduction and Growth Strategy’, Socialist Republic of Vietnam, Hanoi, 21<sup>st</sup> May 2002</i></li> <li>• <i>European Commission Country Strategy Paper for Vietnam 2002 to 2006</i></li> <li>• <i>European Commission National Indicative Programme for Vietnam 2002 to 2004</i></li> <li>• <i>‘Vietnam- Country Financial Accountability Assessment’, World Bank Report n. 22987-VN, 15<sup>th</sup> October 2001</i></li> <li>• <i>The Vietnam Government’s Socio-economic Development Strategy (SEDS) 2001-2010”</i> (FP p4)</li> </ul> <p><i>“The project supported the implementation of a set policy agenda. This was the given context of the project, contrary to what is suggested in the original TAP, which proposed substantial exploration with respect to policy direction. On the other hand, ownership of reform remains the most important factor for progress.”</i> (FE p11)</p> <p><i>“The fact that ETV2’s agenda was completely aligned with policy priorities set at a higher level leaves no doubt about their political support. The main threat to the institutional sustainability comes from the limitations in human resources of the various departments.”</i> (FE p11)</p> <p><i>“Given that ETV II was a successor to an earlier project, it was not an unknown exercise and stakeholders (the GoV essentially) were involved during the design process.”</i> (BCS sheet 1).</p> <p><i>“The passage of laws across a relatively wide spectrum has had a direct impact in that it contributed to the implementation of the reform strategies and development plans of Government and integrated into the overall country strategy of the EC as well.”</i> (BCS sheet4)</p>
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	<p><i>"The project was very closely linked with the reform policy agenda set by the Government and to that end worked very closely towards the attainment of those objectives. These included the alignment of internal policies in line with the requirements for WTO accession and the thematic need for market regulation, standardisation and alignment for transition to a functioning market economy."</i> (BCS sheet5)</p>
<p><b>I-2.3.2</b></p>	<p><b>VIETNAM:</b></p> <p><i>"In April 2001 the "strategy for accelerated industrialisation and modernisation along socialist lines, laying the foundations for Vietnam to become by 2020 basically an industrialised country" or the Socioeconomic Development Strategy (SEDS) 2001-2010 was endorsed by the 9th National Congress of the Communist Party of Vietnam (CPV). The strategic goals of the SEDS which are reflected in the Socio-Economic Development Plans (SEDP) 2001 to 2005, and 2006 to 2010, are to:</i></p> <ul style="list-style-type: none"> <li><i>• bring Vietnam out of underdevelopment;</i></li> <li><i>• improve people's material, cultural and spiritual life;</i></li> <li><i>• lay the foundations for a modern-oriented industrialised country by 2020;</i></li> <li><i>• enhance human resources, scientific and technological, infrastructure, economic, defence, and security potentials;</i></li> <li><i>• establish the institutions of a socialist-oriented market economy;</i></li> <li><i>• enhance employment creation, skills and labour productivity;</i></li> <li><i>• heighten the status of Vietnam on the international arena."</i> (CSPNIP2007-2013 p9)</li> </ul> <p><i>"EC interventions that were most successful were those that were most flexible and concentrated on "how, not what." (i.e. were most closely aligned to existing policy decisions rather than aiming to provide general policy advice). One way of interpreting this is that GoV ownership of EC support in trade and economy was extremely high. EC interventions have been explicitly aimed at Vietnam's economic reform process and the country's integration in the regional and global economy/trading system and have effectively responded to the Government's and the emerging private sector's capacity building needs"</i> (EvalVol2p94)</p> <p><i>"During the 2002-2006 phase, EC support focused on two priorities, which reflected the two principle challenges facing Vietnam:</i></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> <i>The enhancement of human development;</i></li> <li><input type="checkbox"/> <i>The integration of Vietnam into the international economy, by assisting reform towards a market-oriented economy, and Vietnam's integration into world and regional economic structures. In particular, action 2 of focal point 2 was earmarked 10 million euro for Support to the Private Sector"</i> (EvalVol1p11)</li> </ul> <p><i>"The new SEDP incorporates the contents of the CPRGS and aims at maintaining economic growth, promoting productive employment and decent work and strengthening the country's industrial competitiveness, while taking due care of the need for social inclusiveness, thus reducing economic and social disparities, and building a modern, accountable and efficient administration. Donors acknowledge that the Plan tackles poverty issues better than previous plans. However, linkages between economic growth, job creation and improving living standards need further clarification, as is the case for industrial priority-setting, and how reforms of SOE's and the banking and financial sectors should be accelerated, creating more space for private sector development."</i> (CSPNIP2007-2013 p19)</p> <p><i>"Vietnamese reform priorities are :</i></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> <i>To create a fair and efficient business environment, promote competition and strengthen the confidence of enterprises and people. To continue reform of SOEs; to create favourable conditions</i></li> </ul>



	<p><i>regarding land, support business activities and promote SMEs, co-operatives and agricultural farms; to make available skills vital to development at this crucial stage; to encourage foreign investment.</i></p> <p><input type="checkbox"/> <i>To maintain macroeconomic stability.</i></p> <p><input type="checkbox"/> <i>To mobilise and use efficiently resources for the poor.</i></p> <p><input type="checkbox"/> <i>Administrative reform ; simplifying procedures, particularly dealing with business procedures and import-export activities.” (CSPNIP2002-2006 p9-10)</i></p> <p><i>“The SP is fully aligned to the Government of Vietnam’s Socio-economic Development Plan 2006 to 2010. EC assistance will be provided wherever possible through budget and sector support, so as to assure sustainable, effective policy dialogue, Government ownership and leadership and co-ordination with other donors.” (CSPNIP2007-2013 p5)</i></p>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>I-2.3.3</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>JC 2.4</b>	<b><i>The potential VA of the Commission geared its decisions on the nature of the support it would provide</i></b>
<b>Findings at JC level</b>	
<b>I-2.4.1</b>	Types of potential VA the Commission considered it could offer when providing support to PSD (as attested for instance by overall documents on the Commission’s PSD strategy)
<b>I-2.4.2</b>	Overall approach of the Commission to ensure that its PSD support would be geared, among other things, by its potential VA
<b>I-2.4.3</b>	References in strategy documents at country/ regional level to the potential VA of the Commission when providing support to PSD
<b>I-2.4.4</b>	Stakeholders consider that the Commission’s country and regional strategies took into account the Commission’s potential VA and are able to identify such VA
<b>I-2.4.1</b>	<b>VIETNAM:</b> No specific information found.
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>I-2.4.2</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>

	<b>ETV2 - Vietnam</b>
<b>I-2.4.3</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>I-2.4.4</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>JC 2.5</b>	<i>The potential synergies of the Commission with other actors and other types of Commission support geared its decisions on the nature of the support it would provide.</i>
<b>Findings at JC level</b>	The quotes below tend to indicate that multi-donor coordination is effective in PRSC and that specific coordination between European donors (EC, MSs) is improving overall, as well as in different interventions.
<b>I-2.5.1</b>	Commission documents that lay down the overall (not country specific) PSD strategy of the Commission require that the Commission PSD strategies and interventions are chosen on the basis of, among other things, synergies with support provided by other actors or other types of Commission support
<b>I-2.5.2</b>	CSPs/RSPs and programming documents highlight synergies with support provided by other actors or other types of Commission support
<b>I-2.5.3</b>	Stakeholders consider that synergies with support provided by other actors or other types of Commission support been a key criterion for deciding on the nature of the support to be provided
<b>I-2.5.1</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP – Vietnam:</b>
	<b>ETV2 – Vietnam:</b>
<b>I-2.5.2</b>	<b>VIETNAM:</b> <p><i>“Vietnam was nominated a pilot country to EU co-ordination of policy and harmonisation of procedures in 2002. EU donors subsequently agreed in May 2003 on an Action Plan, which was replaced by a Road Map in February 2005. Moreover, the Road Map acknowledges the value added of EU working groups, which were established in order to improve policy coherence, streamline operations, and strengthen partnership within the EU and the larger community, in pilot areas including health, education, private sector development and the central Highlands (and subsequently governance). » (CSPNIP2007-2013 p33)</i></p> <p><i>“The annual Government-donor Consultative Group Meeting has become increasingly inter-active in recent years, and it is supplemented each year by a Private Sector Forum.” (CSPNIP2002-2006 p26)</i></p>

	<p><i>“The European Union (EU) in Vietnam recognises that the totality and wide variety of donor requirements and processes for preparing, delivering, and monitoring development assistance are generating unproductive transaction costs for, and drawing down the limited capacity of, partner countries. The EU is aware of Vietnamese concerns that donors’ practices do not always fit well with its national development systems, including their budget, programme, and project planning cycles and public expenditure and financial management systems. The EU in Vietnam recognises that these issues require urgent, coordinated, and sustained action to improve our effectiveness on the ground. The key element that will guide the EU’s harmonisation work in Vietnam is a country-based approach that emphasises country ownership and government leadership, includes capacity building, and recognises diverse aid modalities (projects, sector-wide approaches, etc). Co-ordination and harmonisation among EU donors (twelve active Member States and the European Commission) in Vietnam have already reached good levels (meetings, guidelines, etc.). EU embassies and the EC Delegation need to make the necessary resources available in order to strengthen harmonisation and co-ordination and to ensure that this Action Plan is carried out. EU donors must seek harmonisation with the Government of Vietnam in the first place, and not only among themselves, but also with other donors.” (CSPNIP2002-2006 – NIP2005-2006 p27-28)</i></p> <p><i>“The European Investment Bank (EIB) signed a framework agreement with Vietnam in 1997 and has since funded a number of projects. In June 2005, it approved a € 30 million contribution to the Ministry of Finance in view of establishing an SME credit line. In June 2009 it broke new ground by signing a € 100 million agreement in the emerging area of climate change.” (EvalVol1p14)</i></p> <p><i>“PRSC 1, a two-tranche operation for USD 250 million in June 2001 supported the I-PRSP and focused mainly on the economic structural reform agenda, notably: liberalising trade, reforming SOEs, strengthening the banking sector, improving the environment for the private sector, and improving management and transparency in public finances. PRSC 1 was co-financed by four donors (Denmark, Netherlands, Sweden and UK) with the equivalent of USD 43 million in grants.” (CSPNIP2007-2013 p19)</i></p>
	<p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p> <p><i>« Global budget support is well-established in Vietnam and delivered through a joint donor process coordinated by the World Bank called Poverty Reduction Support Credit (PRSC). » (PRSC7-9, AF p1)</i></p> <p>The European Poverty Reduction Support Programme in Vietnam (EPRSP) is the European Commission contribution to the general budget support mechanism under the Poverty Reduction Support Credit 7, 8 and 9 (PRSC).</p> <p><i>“The donor community as a whole is increasingly gathering around the SEDP/PRSC process as a guiding framework for all assistance to Vietnam. The commitment of the EC to increase coordination and aid effectiveness, including through the growing group of EU Members States to ensure coherent EU policy positions, has been welcomed by the World Bank and other participating donors as well as by the Government. The EC also harnesses the knowledge and activities from its bilateral projects to inform its participation in the PRSC dialogue.” (PRSC7-9, FA, TAPs, p5)</i></p> <p><i>“The SEDP (Vietnamese Socio-Economic Development Plan) is the core strategy of the Government of Vietnam on which donors aligned their support. For each PRSC operation,</i></p>

	<p><i>donors jointly prepare a list of triggers and policy actions proposed to Government as a basis for discussion. The Vietnam Development Report (VDR) 2007, co-signed by 16 donors, provides the main underpinnings for the new PRSC series. The preparation of this report, entitled Aiming High, built on the analytical work done over the first PRSC cycle, on structural reforms (as summarized in the VDR 2006, on Business), institutional modernization (VDR 2005, on Governance) and on social inclusion (VDR 2004, on Poverty)". (PRSC7-9, FA, TAPs, p8)</i></p> <p><i>"Each year around May, co-financiers jointly assess progress made for all policy actions and triggers defined in the policy matrix. The annual tranche for each PRSC operation is released against the positive assessment of the policy matrix for PRSC 7, PRSC 8 and PRSC 9." (PRSC7-9, FA, TAPs, p11)</i></p> <p><i>"The Ministry of Planning and Investment's secretariat for the SEDP is responsible for the overall oversight of all donors' related activities in support of the implementation of the SEDP." (PRSC7-9, FA, TAPs, p5)</i></p> <p><i>« There are differences in the readiness of the leadership to embrace reforms in different areas, with the window of opportunities difficult to predict. » (PRSC8 Appraisal by WB, p10)</i></p> <p><i>"The Government has taken the lead in improving donor coordination in the context of the Hanoi Core Statement on Aid effectiveness. The Consultative Group, a 6-monthly meeting on cooperation between donors and Government, plays a critical role in this process as does, increasingly, the Partnership Group on Aid Effectiveness especially dedicated to follow Aid Effectiveness in Vietnam. The EC is actively engaged in these two fora". (PRSC7-9, FA, TAPs, p5)</i></p> <p><i>« The quality of EC involvement in PRSC has been steadily improving over the years, (a) financially, (b) in terms of policy dialogue, and (c) as regards process. (a) While the EC financial contribution to PRSC 3 to 6 passed through a World Bank managed trust fund, it will be channelled directly to Vietnam's budget from 2008 onwards, without affecting the joint donor approach in policy dialogue; (b) EC/EU inputs in the policy dialogue increasingly draw on expertise from EC funded projects, and from thematic EU working groups and partnership groups in health, education and the private sector; (c) under pressure from EC/EU and like minded partners, the World Bank took appropriate measures regarding transparency and communication. » (AAP2008 Memorandum to DCI p4)</i></p> <p><b>VPPSP – Vietnam</b></p> <p><i>"There have been discussions with donors and EU Member States during the identification and project appraisal missions on activities and possible synergies, and a presentation was made to representatives at the EC Delegation office on August 12, 2003. EU Member States reacted positively to the proposals, commenting on their appropriateness to the situation in Vietnam and that they complemented other activities funded by the states. German co-operation, through GTZ, participated in a joint mission to the provinces and is considering its participation to the programme at a later stage." (FP p5)</i></p> <p><b>ETV2 – Vietnam</b></p> <p><i>"In order to preserve the necessary coherence between the activities of the present project and those activities undertaken by other donors in the sector, regular meetings will take place with all interested parties to ensure an open exchange of information, to avoid overlapping of activities and/or financing and to incorporate the lessons learnt by these other actors into the work of the</i></p>
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	<p><i>project.” (FA revised annexII p18)</i></p> <p><i>“During the preparation of the proposal detailed meetings were held with Member States active in Vietnam and with other bi-lateral and multi-lateral donors (eg World Bank, IMF). This exercise was very carefully undertaken to ensure complementarity and exclusion of over-lapping. During the implementation of ETV2 it will be crucial to maintain close contact and frequent and detailed information exchange with Member States and other donors, as many players are involved in the institutional strengthening in a range of areas. Together with other donors, the Commission will be able to judge the success of donors in helping the Vietnamese government to attain objectives set down in the Comprehensive Poverty Reduction and Growth Strategy”. (FP p4)</i></p> <p><i>“A large World Bank project was designed concurrently which the ETV2 component was intended to complement. Heavy delays/ failure of this WB project did not affect C3 progress as sub-components had been designed especially to ensure that they could run irrespective of WB/ VCMP progress.” (FE p53)</i></p> <p><i>“Donor coordination was explicitly mainstreamed as an element in project design”. (BCS sheet 1)</i></p> <p><i>“Donor coherence, complementarity and coordination with the World Bank and other bilateral partners (GTZ,JICA, DFID,USAID) as well as with other EC assistance such as the MDTF (Multi Donor Trust Fund) provided a positive indirect impact on the achievement of the project purpose.” (BCS sheet 4)</i></p>
<p><b>I-2.5.3</b></p>	<p><b>VIETNAM</b></p> <p>Stakeholders suggest that donor coordination on PSD took place early in the evaluation period but became weaker as time went on:</p> <ul style="list-style-type: none"> <li>- 2005/2006: Vietnam was a pilot country for donor coordination, with coordination groups operational at this time</li> <li>- After this period, stakeholders report that donors have shifted their concern towards national interests and commercial relations rather than poverty reduction</li> <li>- Interaction with the EIB was reported to be very limited. Some information exchange reported, but nothing more than that.</li> </ul> <p><i>Source: MN550, 561, 562, 570</i></p> <p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p> <p><b>VPPSP – Vietnam</b></p> <p><b>ETV2 – Vietnam</b></p>
<p><b>JC 2.6</b></p>	<p><b><i>The Commission’s PSD strategies and programming were clearly prioritised and part of a wider Commission strategy in the country/region</i></b></p>
<p><b>Findings at JC level</b></p>	<p>Except maybe in PRSC where ‘triggers’ are defined, reflecting priorities in policy areas to be addressed, genuine prioritization in (PSD) support seems generally missing even though terms such as ‘focus area’ or ‘objectives’ are mentioned. There seems to be increasing awareness on this weakness however, indicating potential progress in the future.</p>
<p><b>I-2.6.1</b></p>	<p>Commission strategy/programming documents explain how the Commission’s</p>

	PSD strategy fits into the wider Commission's country/regional strategies and priorities
I-2.6.2	Commission strategy/programming documents explain how the Commission's have been prioritised with regard to the PSD needs of the country
I-2.6.3	Stakeholders consider that the Commission's PSD support was part of a wider prioritised approach of the Commission in the country/region as well as prioritised with respect to PSD need of the country
I-2.6.4	A methodological procedure has been adopted for selecting areas of intervention per country, as per the 2005 Evaluation Recommendation RI-1, including: an assessment of priority needs; selection of interventions with Commission comparative advantage; and an assessment of whether pre-conditions of intervention are met
I-2.6.1	<p><b>VIETNAM:</b></p> <p><i>"During the 2002-2006 phase, EC support focused on two priorities, which reflected the two principle challenges facing Vietnam:</i></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> <i>The enhancement of human development;</i></li> <li><input type="checkbox"/> <i>The integration of Vietnam into the international economy, by assisting reform towards a market-oriented economy, and Vietnam's integration into world and regional economic structures. In particular, action 2 of focal point 2 was earmarked 10 million euro for Support to the Private Sector"</i>(EvalVol1p11)</li> </ul> <p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p> <p><i>"The SEDP is a well defined national development strategy, supported by the last EC 2007-2013 country strategy paper to Vietnam, and complying with the criteria for a poverty reduction strategy for all development partners."</i> (PRSC7-9, FA, TAPs, p6)</p> <p><i>« The AAP 2008 is fully coherent with the CSP and MIP. It addresses the two focal areas, namely Support to Vietnam's Socio-Economic Development Plan 2006-2010 and Support to the Health Sector. Actions foreseen in this AAP 2008 have a strong poverty focus and are fully in line with the European Consensus on Development and the DCI (Development Cooperation Instrument in favour of Vietnam for 2008). »</i> (AAP2008 Memorandum to DCI p1)</p> <p><i>"The Paris Declaration-Hanoi Core Statement survey conducted in 2008 shows that all donors align their assistance strategy behind the SEDP 2006-2010. The European Commission (EC) Country Strategy Paper (CSP) 2007-13 and related Multi-annual Indicative Programme (MIP) are fully aligned to it".</i> (PRSC7-9, AF, annex on socioeconomics, p2)</p> <p><b>VPPSP – Vietnam:</b></p> <p><i>"The proposed programme is fully in accordance with the EC co-operation strategy in Vietnam. The Vietnam Country Strategy Paper (CSP) and National Indicative Programme (NIP) includes as a priority focal point "the integration of Vietnam into the International economy, by assisting reform towards a market oriented economy, and Vietnam's integration into world and regional economic structures".</i> (FP p6)</p> <p><i>"The objectives of the VPSSP are fully consistent with the Country Strategy Paper (CSP). The overarching objective of EC support to Vietnam is the sustainable reduction of poverty, in line with the "European Consensus on Development".</i> (BCS-020441.03 – sheet1)</p> <p><b>ETV2 – Vietnam:</b></p>

	<p><i>“One of the principal objectives of the Commission’s National Indicative Programme for Vietnam for the period 2002 to 2004 is to support Vietnam in its efforts to allow a properly functioning market economy and to create fair conditions for a transparent, predictable, and competitive investment and business environment by establishing a transparent, effective, and efficient public administration and institutions. This objective is reflected in the Vietnam government’s Comprehensive Poverty Reduction and Growth Strategy (CPRGS) that was endorsed by the Prime Minister in May 2002.” (FP p3)</i></p> <p><i>“The passage of laws across a relatively wide spectrum has had a direct impact in that it contributed to the implementation of the reform strategies and development plans of Government and integrated into the overall country strategy of the EC as well.” (BCS p4)</i></p>
<b>I-2.6.2</b>	<p><b>VIETNAM:</b></p> <p><i>“Based on one of the general lessons learned from the CSP 2002-2006, namely “the effectiveness of EC aid to Vietnam would be enhanced if there were a narrower sectoral focus”, the overarching objective of EC support to Vietnam under the CSP 2007-2013 is the sustainable reduction of poverty, in line with the “European Consensus on Development”. This objective is to be achieved mainly by providing support to the implementation of Vietnam’s Socio-economic Development Plan and support to the health sector. EC Assistance in these two focal sectors will be complemented by a limited range of actions and support received through various thematic and regional budget lines.” (EvalVol1p13)</i></p> <p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p> <p><b>VPPSP - Vietnam</b></p> <p><b>ETV2 - Vietnam</b></p>
<b>I-2.6.3</b>	<p><b>VIETNAM</b></p> <p>EC staff reported only limited connections between PSD and trade related assistance elements of EC support in Vietnam. Staff argued that one reason behind this lay in the need for coherence in each of the two areas (trade and development policy), such that prioritising linkages between the two would lead to both having a less coherent, more fragmented approach.</p> <p><i>Source: MN550, 570</i></p> <p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p> <p><b>VPPSP - Vietnam</b></p> <p><b>ETV2 - Vietnam</b></p>
<b>I-2.6.4</b>	<p><b>VIETNAM</b></p> <p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p> <p><b>VPPSP - Vietnam</b></p> <p><b>ETV2 - Vietnam</b></p>
<b>JC 2.7</b>	<p><b><i>The Commission designed its PSD support so as to promote gender equality, good governance, and combat environmental degradation and HIV</i></b></p>
<b>Findings at JC level</b>	<p>As shown in the quotes below, references to cross-cutting issues such as gender or environmental aspects are loose and generic in the support and development policies. They are clearly not explicitly embedded in the PSD support.</p>

I-2.7.1	Commission strategy/programming documents explain how the Commission's PSD strategy and specific intervention will contribute to the above mentioned crosscutting issues
I-2.7.2	Stakeholders consider that when designing its support, the Commission took into account the above mentioned cross-cutting issues
I-2.7.1	<p><b>VIETNAM:</b></p> <p>EC staff argued that cross cutting issues have only been integrated in a formal manner, without further follow up.  <i>Source: MN550, 570</i></p> <p><i>"Gender inequality in Vietnam is modest when compared to other countries." (CSPNIP2002-2006 p9)</i></p> <p><i>"Gender will be mainstreamed in all the sectors covered by the SP". (CSPNIP2007-2013 p18)</i></p> <p><i>"While still at a pre-epidemic stage, the spread of HIV/AIDS, mainly through prostitution and drug abuse, is a matter for serious concern." (CSPNIP2002-2006 p9)</i></p> <p><i>"Combating HIV/AIDS has been mainstreamed as a cross-cutting issue in the programming process by analysing the government's policy agenda on HIV/AIDS and sexual and reproductive health in particular. A particular attention will be given to risks and opportunities for combating HIV/AIDS in individual programmes in the focal sectors of the EC response strategy." (CSPNIP2007-2013 p18)</i></p> <p><i>"Gender aspects were not really considered in the project." (BCS-020441.03 – sheet5)</i></p> <p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p> <p><i>« The PRSC addresses a broad structural reform agenda, with a view to enhancing equitable and sustainable growth in Vietnam. Crosscutting issues include the promotion of human development, gender issues, environmental protection and good governance. PRSC 7 includes the implementation of the recently adopted Gender Equality Law as part of the specific issues to be monitored. The PRSC also supports the introduction of modern planning methods, and asset declaration by senior officials and their families. Other focal issues include pollution control and natural resources management. » (PRSC7-9, AF p7-8)</i></p> <p><b>VPPSP – Vietnam:</b></p> <p><i>"No environmental analysis of the VPPSP has been carried out. The technical assistance will provide advice to local authorities on introducing appropriate regulatory practices and provision of information to SME's regarding environmental issues and best practice. No gender impact assessment of the VPPSP has been carried out. Provisions will be made during the selection of staff and companies to participate in programme activities to ensure a balanced participation of women. In particular the Women Entrepreneurs Association (WEA) will be closely associated for the promotion of her members into programme activities." (FP p5)</i></p> <p><b>ETV2 – Vietnam:</b></p> <p><i>"No significant environmental impact is identified for components 1 to 5, although certain tax legislation and import regulations may support environmental objectives. Component VI (relating to standards and quality) will seek to encourage and institutionalise the use of environmental standards for products originating in Vietnam, especially in the fisheries. Certain measures of this</i></p>



	<p><i>component, especially in the area of training, public relations, environmental standards and control, may thus influence or support environmental protection and raise public awareness of related problems.” (FP p3)</i></p> <p><i>“Although the activities foreseen by the programme are gender-neutral, due attention will be paid to ensuring a balanced gender representation in training and other initiatives.” (FP p3)</i></p> <p><i>“Cross cutting issues of gender, human rights and governance were peripheral to project issues. Environment issues were addressed through the component relating to standards and quality specifically in the field of fisheries.” (BCS sheet 1)</i></p>
I-2.7.2	<p><b>VIETNAM</b></p> <p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p> <p><b>VPPSP - Vietnam</b></p> <p><b>ETV2 - Vietnam</b></p>
<b>JC 2.8</b>	<b><i>The Commission PSD activities have contributed to the decent work agenda and/or the improvement of core labour standards and rights of the worker</i></b>
<b>Findings at JC level</b>	<i>“With inequalities among different sections of the Vietnamese population growing, considerable efforts need to be made to ensure sustained poverty reduction and improved access to social services, productive employment and decent work among the most vulnerable members of society.” (CSPNIP2007-2013 p4)</i>
<b>I-2.8.1</b>	EC macro-economic and policy interventions targeted the decent work agenda and/or improvement of core labour standards and social governance in beneficiary countries during the evaluation period
<b>I-2.8.2</b>	Regulations passed on core labour standards and/or social governance in beneficiary countries during the evaluation period
I-2.8.1	<p><b>VIETNAM</b></p> <p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p> <p><b>VPPSP - Vietnam</b></p> <p><b>ETV2 - Vietnam</b></p>
I-2.8.2	<p><b>VIETNAM</b></p> <p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p> <p><b>VPPSP - Vietnam</b></p> <p><b>ETV2 - Vietnam</b></p>

<b>EQ 3</b>	<b>To what extent did the set of Commission funding vehicles and aid modalities for supporting PSD strategies and activities of partner countries and regions result in the provision of timely responses at a reasonable cost to the challenges faced by the private sector in third countries, while fostering synergies among each other and with vehicles offered by other actors?</b>
<b>Other relevant information (not captured elsewhere)</b>	
<b>JC 3.1</b>	<i>The set of funding vehicles or aid modalities developed by the Commission at general level to support partner country PSD strategies and activities aimed at covering the range of challenges faced by the private sector in third countries, while bearing in mind efficiency and synergies</i>
<b>Findings at JC level</b>	
<b>I-3.1.1</b>	Documents outlining the rationale of each modality/ instrument with respect to PSD identify the specific challenges to which it should respond
<b>I-3.1.2</b>	Commission documents explain how the <u>set</u> of instruments/modalities covers the needs of the private sector in a comprehensive manner, while fostering efficiency and synergies
<b>I-3.1.3</b>	Stakeholders consider that the Commission's set of instruments was designed with a view to tackle challenges while fostering efficiency and synergies
<b>I-3.1.1</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP – Vietnam</b>
	<b>ETV2 – Vietnam</b>
<b>I-3.1.2</b>	<b>VIETNAM</b> EC staff showed no evidence of in-depth questioning of the set of instruments available for private sector development. <i>Source: MN550, 570</i>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP – Vietnam</b>
	<b>ETV2 – Vietnam</b>
<b>I-3.1.3</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP – Vietnam</b>
	<b>ETV2 – Vietnam</b>

<b>JC 3.2</b>	<b><i>When designing its support for partner country PSD strategies and activities in specific countries or regions, the Commission's choice of funding vehicles or aid modalities was geared towards the specificity of challenges, the expected efficiency and the potential synergies with other vehicles or modalities</i></b>
<b>Findings at JC level</b>	<p>The three different instruments studied differ in the nature of their support, ranging from (general) budget support for PRSC to more project-technical assistance for VPPSP, ETV standing inbetween. There is a trend towards (general) budget support replacing project support, based on the lessons learned, but how the whole picture of EU assistance in Vietnam is articulated and justified is sometimes unclear.</p> <p><i>"The European Consensus on Development states that the EU aims to "channel 50% of government-to-government assistance through country systems, including by increasing the percentage of our assistance provided through budget support or sector wide approaches". This policy reflects a similar EU commitment made already at the March 2005 Paris High Level forum on Aid Effectiveness and re-emphasised at the April 2006 General Affairs and External Relations Council." (PRSC5, FP, p1)</i></p>
<b>I-3.2.1</b>	Justification of the choice of instruments in strategy and programming documents at country/regional level
<b>I-3.2.2</b>	Justification of the choice provided by Commission representatives
<b>I-3.2.1</b>	<p><b>VIETNAM:</b></p> <p><i>"Based on lessons learned since 1996, the CSP 2002-2006 favoured sector-wide approaches over individual projects." (EvalVol1p11)</i></p> <p><i>"In the CSP 2002-2006, detailed activities of Activity 2 (Support to the Private Sector) of Focal Point 2 (Facilitate Vietnam's integration into the international economy) are likely to focus on the creation and development of SMEs aiming to increase their productivity and competitiveness, through the provision of:</i></p> <ul style="list-style-type: none"> <li><i>- an extension of the financing facility (SMEDF) aiming to strengthen the capacity of the relevant lending institutions by enhancing their ability to assess risks related to projects presented by SMEs and reducing the practice of asking for excessive collateral and / or a risk premium. This specific intervention would facilitate access to existing SMEDF lending facility by SMEs;</i></li> <li><i>- other financial support to SMEs to be further examined, such as guarantees;</i></li> <li><i>- technical assistance to improve performance in for example marketing and quality assurance, access to business co-operation opportunities with economic operators outside Vietnam;</i></li> <li><i>- accompanying services for innovative start-ups to ensure their feasibility ;</i></li> <li><i>- assistance in the development of chambers of commerce and trade/industrial associations, promoting access to EU regulatory industrial requirements;</i></li> <li><i>- assistance to reform of a selected group of State Owned Enterprises." (CSPNIP2002-2006 p59)</i></li> </ul> <p><i>"In the PRSC III, there are likely to be around forty prior actions, in fields such as such as trade liberalisation, state-owned enterprise reform, financial-sector reform, private sector development, health, education, environmental sustainability, public administration/governance, public financial management, and anticorruption measures." (CSPNIP2002-2006 – NIP2002-2004 p23)</i></p>

	<p>“The overarching objective of EC support to Vietnam is the sustainable reduction of poverty, in line with the “European Consensus on Development”. This objective will be achieved mainly by providing support to the implementation of Vietnam’s Socio-economic Development Plan and support to the health sector. EC Assistance in these two focal sectors will be complemented by a limited range of actions and support received through various thematic and regional budget lines. The EC also intends to fund additional actions in the field of Trade-Related Assistance and to provide support to the EC-Vietnam strategic dialogue under the bilateral Co-operation Agreement. The latter activity would be implemented through the continued funding of the Small Projects Facility (SPF) which will complement other implementation mechanisms”. (CSPNIP2007-2013 p4)</p> <p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p> <p>« Vietnam's Poverty Reduction Strategy is supported by a series of Poverty Reduction Support Credits (PRSCs) provided by the World Bank, and complemented by other donors' funds. The EC, through the support provided under this programme, joins other donors' efforts aimed at strengthening and better co-ordinating the policy dialogue with the Government of Vietnam under the Comprehensive Poverty Reduction and Growth Strategy (CPRGS) process, with a view to delivering on the Paris Declaration and Hanoi Core Statement on Aid Effectiveness. The CPRGS approved in 2002 is based on three pillars:</p> <ul style="list-style-type: none"> <li>• High growth through a transition to a market economy with reforms in foreign trade, state owned enterprises, the financial sector, and private sector development;</li> <li>• Promoting an equitable, socially inclusive and environmentally sustainable pattern of growth. This requires appropriate sectoral and social policies and programmes;</li> <li>• Building a modern public administration, legal and governance system, with reforms improving public finance management, legal development, and administrative transparency.</li> </ul> <p>EC support to Vietnam’s budget through PRSC1 to 5 follows those 3 pillars, with pillar I more directly linked to PSD and composed of the following elements, their triggers and additional comments :</p> <ul style="list-style-type: none"> <li>• Integration into the world economy (WTO) (Results and Monitoring : ratio of exports to GDP is increased, share of manufactured products in total exports is increased, share of private sector exports in non-oil exports is increased, quantitative restrictions abolished, modern customs procedures are in place, Vietnam becomes a member of the WTO) :       <ul style="list-style-type: none"> <li>- Trigger : issue new Intellectual Property Law in accordance with WTO requirements – law passed in November 2005</li> <li>- Eliminate quantitative restrictions on imports in accordance with WTO requirements</li> </ul> </li> <li>• State-owned enterprise reform (Results and Monitoring : there are fewer SOEs, the share of bank credit going to SOEs is reduced, high proportion of profitable SOEs, most non-performing inter-enterprise debts resolved, data on performance of SOEs available with greater frequency) :       <ul style="list-style-type: none"> <li>- Trigger : classify SOEs by performance and publish results - the Ministry of Finance (MOF) has received self-assessment reports from 3,800 SOEs for 2004</li> <li>- Approve plans for the restructuring of selected large SOEs based on the holding company model</li> <li>- Establish State Capital Investment Corporation (SCIC) to exercise state ownership rights in equitized "independent SOEs" instead of ministries and provinces –Require valuation of assets for all transactions by the state by independent appraisal enterprises, unless through auctions</li> </ul> </li> <li>• Financial sector reform (Results and Monitoring : banks in full compliance with banking regulations, low estimated NPL ratio in banking system, SBV focused on supervision and regulation, sound regulation of policy lending, improve disclosure requirements for unlisted securities and companies listed in the stock market) :       <ul style="list-style-type: none"> <li>- Trigger : issue a comprehensive roadmap for the reform of the banking sector – roadmap</li> </ul> </li> </ul>
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	<p><i>approved by Prime Minister in May 2006, new law governing the SBV to be converted into a modern central bank focusing on monetary policy and supervision)</i></p> <ul style="list-style-type: none"> <li>- <i>Complete the Basel Core Principles self-assessment to identify weaknesses in banking supervision</i></li> <li>- <i>Complete the preparations for the equitization of MHB, with a strategic investor</i></li> <li>- <i>Issue plan for the equitization of Vietcombank, allowing the participation of a strategic investor</i></li> <li>- <i>Increase provisioning for NPLs in SOCBs based on their classification in line with international practice</i></li> <li>- <i>Submit a Securities Law for capital markets development and strengthened disclosure for publicly held companies</i></li> <li>- <i>Increase the cap for foreign share holding in listed companies to 49 percent</i></li> </ul> <p>• <i>Private sector development (Results and Monitoring : private investment constitutes greater share of GDP, more people are employed in the formal private sector, a level playing field secured with same regulations for all firms) :</i></p> <ul style="list-style-type: none"> <li>- <i>Trigger : issue a Unified Enterprise Law leading to equal treatment for firms regardless of ownership – law passed in November 2005 ; the law sets a maximum of four years for all SOEs to move under its ambit ; the law will clarify the manner in which the state exercises its ownership rights in the enterprise)</i></li> <li>- <i>Issue an Investment Law applicable equally to domestic and foreign investors</i></li> <li>- <i>Establish an independent competition authority to address restrictive commercial practices</i></li> </ul> <p>• <i>Infrastructure ((i) PRSC5, FA, TAPs p4-5 ; (ii) PRSC5, FA attachmentI ; (iii) PRSC5, FA attachmentII)</i></p> <p><i>The envisaged results of the project (PRSC 5) directly or indirectly linked to PSD are:</i></p> <ol style="list-style-type: none"> <li><i>a. Strengthened donor/ Government dialogue and strengthened policy formulation based on the CPRGS reform agenda in particular in the following sectors: Education, Health, Trade and Public Finance Management;</i></li> <li><i>b. Adequate economic reforms are introduced for further integration of Vietnam into the World Economy</i></li> <li><i>d. Broadened and deepened financial sector able to provide more efficiently capital and services for private enterprises;</i></li> <li><i>e. Improved framework to accelerate private sector development and private sector investment;</i></li> <li><i>f. Improved governance and public financial management. » (PRSC5, FA, TAPs p3)</i></li> </ol> <p><i>“About 1 billion EUR were committed in budget support over the first 6 years of PRSC. Over the ten PRSC, some 2.2 billion EUR could be channelled. The global financial support provided by budget support represents roughly 1 to 2 percent of the government expenditures and 20 to 30 percent of the budget deficit.” (PRSC7-9, FA, TAPs, p3)</i></p> <p><i>“The total cost of the budget support operation is estimated at 644 million EUR for PRSC 7 to 9 in three years, of which the EC contribution is 44 million EUR. Other donors contribute with a tentative 600 million EUR in grants and loans.” (PRSC7-9, FA, TAPs, p3)</i></p> <p><i>“The EC budget support to PRSC is an untargeted budget support, directly disbursed to the State Budget to implement the SEDP 2006-2010.” (PRSC7-9, FA, TAPs, p4)</i></p> <p><i>“The general conditions for tranche release of the EC contribution in PRSC7-9 apply per area:</i></p> <ul style="list-style-type: none"> <li>- <i>National policy and strategy : The Socio Economic Development Plan 2006-2010 (SEDP 2006-2010). Condition: Satisfactory progress in the implementation of the partner country national policy and strategy.</i></li> </ul>
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	<ul style="list-style-type: none"> <li>- <i>Macroeconomic stability. Condition: Satisfactory progress in the maintenance of a stability-oriented macroeconomic policy</i></li> <li>- <i>Public Financial Management (PFM). Condition: Satisfactory progress in the implementation of its programme, the Single Strategy Document to improve and reform public financial management.” (PRSC7-9, FA, TAPs, p10)</i></li> </ul> <p><i>“In pillar I (Business Development), policy actions (among which triggers are defined) of PRSC6 are listed below:</i></p> <ul style="list-style-type: none"> <li>- <i>Area on Global integration</i> <ul style="list-style-type: none"> <li>• <i>Grant trading and distribution rights to all foreign firms in line with international commitments</i></li> <li>• <i>Issue regulations to guide the intellectual property law with adequate enforcement mechanisms</i></li> </ul> </li> <li>- <i>Area on State sector reform:</i> <ul style="list-style-type: none"> <li>• <i>Further restrict list of sectors where 100-percent state ownership is to be retained (trigger)</i></li> <li>• <i>Use share auctions as the main mechanism for equitization, and allow foreign strategic investors</i></li> <li>• <i>Classify all SOEs according to performance and publish the results</i></li> <li>• <i>SCIC to begin receiving state ownership rights in equitized SOEs from ministries and provinces</i></li> </ul> </li> <li>- <i>Area on Financial sector reform:</i> <ul style="list-style-type: none"> <li>• <i>Require public disclosure of financial statements of SOCBs in line with internationally accepted standards (trigger)</i></li> <li>• <i>Increase equity stake allowed to foreign strategic investors in commercial banks</i></li> </ul> </li> <li>- <i>Area on Private sector development:</i> <ul style="list-style-type: none"> <li>• <i>Introduce investment climate monitoring tool as part of annual enterprise survey</i></li> <li>• <i>Reduce processing times and rationalize fee structure for business registration</i></li> <li>• <i>Clarify authority on investment certificates and conditional sectors, and standardize related documentation</i></li> <li>• <i>Issue guidelines and options to foreign investors transitioning to new Investment and Enterprise laws</i></li> <li>• <i>Establish consultative mechanism to streamline licenses and oversee implementation of new investment-enterprise regime</i></li> <li>• <i>Establish single-window mechanism for businesses to cover registration, tax, and seal formalities in selected province</i></li> </ul> </li> <li>- <i>Area on Infrastructures:</i> <ul style="list-style-type: none"> <li>• <i>Decentralize investment ownership to better integrate capital and recurrent budgets in the road transport sector (trigger)</i></li> <li>• <i>Clarify contract specifications, investor qualifications and treatment of unsolicited proposals for BOT projects (trigger)</i></li> <li>• <i>Adopt wastewater charges based on cost recovery, with provisions to protect the poor</i></li> </ul> </li> </ul> <p><i>In pillar I (Business Development), policy actions (among which triggers are defined) of PRSC7 are listed below:</i></p> <ul style="list-style-type: none"> <li>- <i>Area on Global integration</i></li> </ul>
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	<ul style="list-style-type: none"> <li>• <i>Establish consultation and information gathering mechanisms to identify the social and environmental impacts of WTO accession (trigger). The goal is to set up effective ways to communicate with stakeholders, to adjust the implementation of policies and to gather feedback on actual impacts. (PRSC7 Appraisal by WB, p17)</i></li> <li>• <i>Harmonize agricultural health and food safety regulatory tools with international standards in line with the SPS agreement</i></li> <li>• <i>Tackle the infringement of copyrights and trademarks on a commercial scale in line with TRIP Agreement</i></li> <li>- <i>Area on State sector reform:</i> <ul style="list-style-type: none"> <li>• <i>Assess scope and nature of lending and other transactions among affiliated parties in Economic Groups and General Corporations (trigger). There is a concern that the involvement of large SOEs in the financial sector, through their control of commercial banks and other financial institutions, could undermine the efficient allocation of capital and be a source of instability in the medium run. » (PRSC7 Appraisal by WB, p18)</i></li> </ul> </li> <li>- <i>“Area on Financial sector reform:</i> <ul style="list-style-type: none"> <li>• <i>Approve equitization plans allowing participation of strategic investors for two SOCBs and complete the equitization of one of them (trigger). Several SOCBs have made progress in their equitization plans. The most advanced is Vietcombank, which is authorized to sell up to 20 percent of its capital to strategic investors in the second quarter of 2008. » (PRSC7 Appraisal by WB, p18)</i></li> <li>• <i>Issue a road map to enhance bank supervision, including off-site supervision and risk-management tools</i></li> <li>• <i>Enhance the role of the banks’ boards of directors and introduce fit-and-proper tests in line with international best practices</i></li> </ul> </li> <li>- <i>Area on Private sector development:</i> <ul style="list-style-type: none"> <li>• <i>Simplify enterprise registration including by unifying tax and business identification numbers and streamlining seal carving procedures</i></li> <li>• <i>Rationalize incentives related to Enterprise Income Tax and simplify tax procedures for household businesses</i></li> <li>• <i>Raise the cap on shareholdings by single foreign investors in unlisted companies</i></li> </ul> </li> <li>- <i>“Area on Infrastructures:</i> <ul style="list-style-type: none"> <li>• <i>Adopt market-based pricing systems to estimate the costs of state-funded civil engineering investments (trigger). Cost norms inherited from the period under central planning had resulted in limited competition in public procurement. Such norms tended to be established below marketlevel costs thus frequently requiring exceptions for winning bidders. » (PRSC7 Appraisal by WB, p20)</i></li> <li>• <i>“Separate power transmission and generation assets and regroup transmission assets under a single National Power transmission Corporation</i></li> <li>• <i>Introduce modern principles of transparency and corporate governance in provincial infrastructure funds</i></li> <li>• <i>Reduce traffic fatalities through strengthened enforcement and improved education programs</i></li> <li>• <i>Facilitate access to driver training and testing and provide financial support to purchase special vehicles for people living with disabilities</i></li> </ul> </li> </ul>
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	<p><i>In pillar I (Business Development), policy actions (among which triggers are defined) of PRSC8-10 are listed below:</i></p> <ul style="list-style-type: none"> <li>- <i>Area on Global integration</i> <ul style="list-style-type: none"> <li>• <i>Issue time-bound action plan for the implementation of WTO commitments</i></li> <li>• <i>Incorporate the monitoring of social and environmental impacts of integration into policy processes for the implementation of WTO commitments</i></li> <li>• <i>Complete legal framework for enabling improved provision of logistics services including multi-modal transport</i></li> <li>• <i>Tackle the infringement of patent, trademark rights and rights of design on a commercial scale</i></li> </ul> </li> <li>- <i>Area on State sector reform:</i> <ul style="list-style-type: none"> <li>• <i>Strengthen financial management of SOEs and their investments in other entities, defining the level of such investments (trigger). The venturing of Economic Groups and General Corporations (large groups of SOEs) into asset markets on a large scale fueled the asset bubbles of 2007/8 and contributed to macroeconomic instability. Their investments in banks and other financial institutions raised the prospect of related-party transactions which could increase the vulnerability of the economy in the medium term. » (PRSC8 Appraisal by WB, p15)</i></li> <li>• <i>« Develop a time-bound plan to separate the exercising of the state-ownership rights from regulatory function in Economic Groups and large General Corporations (trigger). GOV's Resolution to conduct a study and develop a time-bound plan by July 2011 on the issue of separating the exercising of the state-ownership rights from regulatory function in Economic Groups and large General Corporations. » (PRSC9 Appraisal by WB, p24)</i></li> <li>• <i>“SCIC to disclose report on financial operations including those of companies in its portfolio</i></li> <li>• <i>Transfer state forestry enterprise (SFE) land to local authorities for reallocation to households, ethnic minority groups and private enterprises</i></li> </ul> </li> <li>- <i>Area on Financial sector reform:</i> <ul style="list-style-type: none"> <li>• <i>Prepare revised Law on Central Bank focusing its mandate on and enhancing its autonomy in regard to monetary policy and financial sector stability (trigger). Transformation of the SBV into a modern central bank by giving technical autonomy to the SBV, and clarifying SBV's mandate in the conduct of monetary policy and the supervision of the banking sector. (PRSC8 Appraisal by WB, p15)</i></li> <li>• <i>Certify internal credit rating system of all banks and approve inspection manuals</i></li> <li>• <i>Formulate a roadmap to improve corporate and government bond markets to foster financial and economic growth (trigger). Vietnamese policy-makers in general, and the SBV in particular, are more aware that developing the bond market offers an opportunity to provide alternative funding sources to ease banking liquidity pressures, reduce the impact of external shocks, and improve access to capital for the private sector and reducing financing shortage in key development sectors such as infrastructure and housing. » (PRSC9 Appraisal by WB, p24)</i></li> <li>• <i>“Conduct portfolio review of Vietnam Development Bank with view to assessing and better managing risks</i></li> <li>• <i>Enhance public disclosure and communication of SBV policies and banking sector statistics (trigger). Though there is an improving trend, Vietnam does not</i></li> </ul> </li> </ul>
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	<p><i>currently meet the IMF data dissemination standards for presentation and release of central bank data relating to coverage, periodicity, timeliness of data and access by the public. Greater transparency and availability of information would allow decisions to be better informed, while better accountability imposes firmer discipline on decision-makers. SBV is preparing a circular to improve public disclosure. » (PRSC9 Appraisal by WB, p24)</i></p> <ul style="list-style-type: none"> <li>• <i>“Issue a mid-term operational strategy for Policy-based lending institutions to ensure financial sustainability and social equity</i></li> <li>• <i>Revise law on credit institutions to provide profit orientation and full autonomy to SOCBs</i></li> <li>• <i>Strengthen the prudential rules and supervision for banks and securities companies serving as a local custodian or broker for foreign portfolio investors investing in short-term or liquid assets with a view to deal with possible reversal of the investments</i></li> <li>• <i>Disclose the level of NPLs of all SOCBs based on internationally acceptable standards</i></li> <li>• <i>Complete equitization of remaining SOCBs, with participation of strategic investors</i></li> <li>• <i>Strengthen SBV's credit information center and facilitate development of private credit bureau</i></li> <li>• <i>Fully implement a central securities depository</i></li> <li>• <i>Transform HCMC securities trading center into a stock exchange in line with IOSCO principles</i></li> <li>• <i>Revise legal framework to make the SSC an operationally independent body</i></li> </ul> <p>- <i>Area on Private sector development:</i></p> <ul style="list-style-type: none"> <li>• <i>Link agricultural extension system with research and markets, allow competition and ensure service delivery to ethnic minorities and the poor</i></li> <li>• <i>Develop vehicle interoperability across borders and speed up customs clearance procedures</i></li> <li>• <i>Revise legal framework for promotion of SMEs and enable better linkages with large scale industries</i></li> <li>• <i>Revise accounting standards and financial disclosure requirements to reveal exposure to exchange rate risk in enterprises and banks</i></li> <li>• <i>Strengthen regulatory framework for non-bank credit activities such as factoring and leasing services</i></li> <li>• <i>Adopt guidelines to govern the operations of the Vietnam Competition Council</i></li> <li>• <i>Establish national business registry with unique number for business, tax, statistics, and seal agencies</i></li> <li>• <i>Enhance access of PWD to micro credit and training in operating small businesses</i></li> <li>• <i>Strengthen regulatory framework for non-bank credit, such as factoring and leasing services</i></li> </ul> <p>- <i>Area on Infrastructures:</i></p> <ul style="list-style-type: none"> <li>• <i>Adopt a pricing system for electricity from renewable energy and provide incentives for government procurement of energy-efficient equipment (trigger). Coping with rapid growth in the demand for electricity is one of the main infrastructure challenges currently faced by Vietnam. Organizing a market for electricity and making large investments in generation, by both public and private sectors, will be critical to increasing the supply of electricity. It is also clear that electricity could</i></li> </ul>
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	<p><i>be used more efficiently.</i> » (PRSC8 Appraisal by WB, p16)</p> <ul style="list-style-type: none"> <li>• Strengthen legal framework to promote economical and efficient use of energy and promotion of renewable energy</li> <li>• Revise the road law and traffic safety action plan to reduce traffic fatalities</li> <li>• Adopt user charges designed to better manage demand for infrastructure services</li> <li>• Revise law on petroleum to create favorable condition for investors for both exploration and exploitation activities</li> <li>• Approve rural transport strategy designed to better coordinate planning and budgets to meet sustainable access targets</li> <li>• Adopt market based pricing for fuels including petroleum products</li> <li>• Submit plan for the operation of the Single Buyer for electricity ensuring competition in generation, includes: Implement roadmaps for unbundling electricity and telecommunication services</li> <li>• Adopt user charges designed to better manage demand for infrastructure services</li> <li>• Improve targeting of subsidies to enable better access of the poor to infrastructure services</li> </ul>
	<p><b>VPPSP – Vietnam:</b></p> <p><i>“The activities of component 1 (simplification and strengthening of the SME enabling environment at Provincial level) of the VPPSP will essentially be Technical Assistance for capacity building, dissemination of good practices, information dissemination and awareness raising”. (FA Annex1 p6)</i></p> <p><i>“The activities of component 2 (establishing of pilot business-technology incubators in selected sectors of industry with the aim to replicate them thereafter in other locations) of the VPPSP will essentially be Technical Assistance as well as support to the start-up costs and dissemination of results and best practices.” (FA Annex1 p6)</i></p>
	<p><b>ETV2 – Vietnam</b></p> <p>The project is composed of six components, of which components 3,4 and 6 are more directly linked to PSD.</p> <p>Component 1: Fiscal Policy and Legal Advisory Services.</p> <p>Component 2: Tax administration.</p> <p>Component 3: Customs, including in view of making the business environment more attractive for foreign direct investment.</p> <p>Component 4: Accounting, Auditing, Insurance, including preparation of decrees for the implementation of the law on accounting for business enterprises. This component is essential for the protection of investors and customers and for the competitiveness of Vietnam as a destination for foreign investment.</p> <p>Component 5: Statistical Analysis, Policy Tools.</p> <p>Component 6: Standards and Quality Control, starting from the indicated urgent sectors such as fish and other food products. This component will help the General Department of Standards, Measurement and Quality (STAMEQ) in completing its implementation/revision of the Measurement-Standards-Testing-Quality (MSTQ) practice and will involve the Vietnam Chamber of Commerce and Industry (VCCI) as reference point for documentation and basic formation, but also as representative of the developing Private Sector. (FA revised annexII p3-4)</p>

I-3.2.2	<p><b>VIETNAM</b></p> <p>EC staff presented a general rationale for using BS in Vietnam, namely, that of promoting harmonisation and alignment in the country. With regards to PSD, however, the use of BS was questioned due to the low perceived levels of government capacity and commitment to PSD, thereby effecting its usefulness as a delivery channel for PSD support, as necessitated by BS.</p> <p><i>Source: MN550, 570</i></p>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>JC 3.3</b>	<b><i>The level at which the Commission intervened (national, regional, supra-regional) was appropriate to meet the specific challenges in terms of PSD</i></b>
<b>Findings at JC level</b>	Country level is by far the preferred intervention level with existence though of initiatives at a more regional level (Asia) in the areas of e.g. business, trade and investment. It should also be noted that VPPSP is implemented at a sub-national level (a small number of Provinces), which is the result of the streamlining of a too ambitious original plan, more than a genuine strategy.
<b>I-3.3.1</b>	Strategy and programming documents show evidence that the intervention level was selected on the basis of a consideration of the challenges being addressed.
<b>I-3.3.2</b>	Stakeholders consider that the selection of intervention levels made by the Commission across the board of its PSD interventions, has been appropriate to the challenges being addressed
<b>I-3.3.3</b>	Stakeholders consider that the selection of intervention levels made by the Commission has enabled synergies and cross-fertilisation to develop between countries and regions.
<b>I-3.3.1</b>	<p><b>VIETNAM:</b></p> <p><i>“Starting in the mid-1990s, a number of Asia-wide horizontal programmes were put in place, including:</i></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> <i>Asia Invest, promoting business-to-business contacts and partnerships;</i></li> <li><input type="checkbox"/> <i>Asia Pro Eco, promoting EU-Asia sustainable technology partnerships;</i></li> </ul> <p><i>In addition to geographical scope and focus, all of these programmes share the goal of promoting closer links between local governments, civil society organisations, and private sector firms. The programmes are demand driven (i.e., characterised by open calls for proposals) and directly benefit institutions in partner countries without the involvement of the government.</i></p> <p><i>In its 2005-2006 “Strategy Paper and Indicative Programme for Multi-country Programmes in Asia” (the “Regional Strategy Paper” or RSP 2005-2006), the EC called for multicountry programmes to be consolidated under headings corresponding to three main priorities.</i></p> <p><i>These were:</i></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> <i>Trade and Investment, to develop common approaches and support integration by supporting formation of partnerships, exchange of experience, and networking. The RSP calls for special attention to small and medium size enterprises (SMEs);</i></li> <li><input type="checkbox"/> <i>Education,</i></li> <li><input type="checkbox"/> <i>Environment. » (EvalVol1p7)</i></li> </ul>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>

	<b>ETV2 - Vietnam</b>
<b>I-3.3.2</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>I-3.3.3</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>JC 3.4</b>	<i>The implementation showed that funding vehicles or aid modalities were appropriate to tackle challenges and to do so efficiently and in synergy with other vehicles</i>
<b>Findings at JC level</b>	Except for VPPSP for which ex-post evaluations are more severe, EC support (to PSD) in Vietnam seems to be efficient in delivering outputs and outcomes (particularly with respect to policy reforms) and contributing to overall objectives such as the adaptation to the world market and accession to WTO.
<b>I-3.4.1</b>	Evidence provided in reports on the support concerning the appropriateness of instruments/modalities, their efficiency and synergies with other instruments/modalities
<b>I-3.4.2</b>	Stakeholders consider that instruments (specific instruments and/or the set of instruments) were appropriate and enhanced efficiency and synergies
<b>I-3.4.1</b>	<p><b>VIETNAM:</b></p> <p><i>“With respect to PSD, there is ample evidence for aid effectiveness and the high impact of projects such as MUTRAP, VPSSP. Yet, there were shortcomings, too, for example the ETV2 capacity project, where it proved difficult to establish a clear signal along the axis of national expression of need – donor response, largely for reasons internal to the Ministry of Finance.”</i> (EvalVol2p94)</p> <p><i>“Among the EC’s own interventions, the Vietnam Private Sector Support Programme (VPSSP, 2004-2008) and the Small Project Facility (SPF, 2004-2007) are likely to have had the strongest positive – either direct or indirect - impact on the on-going transformation and modernisation of Vietnam’s economy and systems of governance.”</i> (EvalVol2p95)</p> <p><i>“The capacity of Vietnamese companies has been strengthened mainly through the Vietnam Private Sector Support Programme (VPSSP, 2004-2008) and generally the manifold activities of EuroCham. Ever since the launch of Vietnam’s “strategy for accelerated industrialisation and modernisation along socialist lines” in April 2001, promotion of the private sector has one of the main components of the EC strategy to support integration of Vietnam into the international economy. The VPSSP’s intervention logic was based on the assessment that increased numbers of small and medium-sized enterprises (SMEs) will be required to drive the modernisation of Vietnam’s economy and to maximise export and industrial co-operation opportunities”.</i> (EvalVol2p102)</p> <p><i>“The Small Project Facility (SPF) was a flexible and effective way of responding to emerging and</i></p>

	<p><i>immediate needs among Vietnamese stakeholders, although the administrative costs to the EC were admittedly high. SPF has not only strengthened the capacity of SMEs, local government agencies and emerging civil society organisations but also increased the voice of non-state actors (or semi-independent groups) in the policy-making process.” (EvalVol2p94)</i></p> <p><i>“As far as Medium-sized Enterprise Development Fund (SMEDF) and MUTRAP are concerned, the EC has been able to provide relatively effective support in Vietnam thanks to its strengths and competence in these fields. TRA projects often place high emphasis on the institutional strengthening of the agency charged with their implementation, on increasing awareness of trade policy issues among Vietnamese officials in different line ministries. Moreover, they clearly have contributed to the quantum leap in Vietnam’s WTO accession negotiations, thus affecting the Vietnamese trade policy and regulations reform process and helping to identify the requirements to be reached with a view to the increasing compliance with the regional and international trade agreements to which Vietnam is a party. Broadly speaking projects have aligned themselves with the evolving Economic and political reform agenda, notably the Poverty Reduction Support Credit III and the Private Sector Support Project (PSSP). In addition Successful synergies have been developed between EC projects and those of other donors.” (CSPNIP2007-2013 p14)</i></p> <p><i>“While it is difficult to clearly quantify and qualify the specific impact of EC-funded interactions on legislative and policy-making processes, linkages clearly do exist; for example, the Institutional Support Programme (ISP) provided a great deal of support to the National Assembly on matters related to WTO. However, the PRSC has probably been the most significant contribution in this regard. Through the soft conditionality implicit in its policy matrix, the PRSC has been providing important incentives to keep the macroeconomic reform programme on track while supporting reform-minded political actors within the VCP and the Government. The EC was instrumental in the development of Vietnam’s WTO accession strategy and Post WTO Action Plan.” (EvalVol2p94)</i></p> <p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p> <p><i>“The experience under the first five years of PRSC shows that reforms have resulted in real progress in the areas of poverty reduction, social sectors and economic growth.” (PRSC7-9, FA, TAPs, p2)</i></p> <p><i>“In PRSC 1 to 5, supported reforms and outcomes of pillar one (Transition to a Market Economy) are the following:</i></p> <ul style="list-style-type: none"> <li>• <i>FDI flows increased by 45% from 2004 to \$5.8 billion in 2005 (three times greater in per capita terms than in China).</i></li> <li>• <i>Government revenue is 25% of GDP and the fiscal deficit is below 5%.</i></li> <li>• <i>More accurate information on State Owned Enterprise performance, and remedial action on poor performers.</i></li> <li>• <i>Roadmap to transform the State Bank of Vietnam into a modern central bank.</i></li> <li>• <i>WTO accession achieved in November 2006 thus allowing better access to markets for an economy where exports account for 60% of GDP.” (PRSC7-9, AF, annex on socioeconomics, p6)</i></li> </ul> <p><i>« The time needed to start a business was further shortened by unifying tax and business identification numbers. Seal-carving procedures, identified as one of the main sources of delays in registration, were considerably streamlined. A number of incentives related to Enterprise Income Tax were abolished in November, 2007, whereas the new law on Personal Income Tax simplified tax procedures for household businesses. A decree guiding the implementation of the</i></p>
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	<p><i>Enterprise Law specified that all organizations (including foreign-invested enterprises) and all individuals (including foreigners) have the right to contribute capital and to acquire stakes in unlisted companies. In practice, this means that the previous 30 percent cap on foreign ownership was raised to 100 percent.</i> » (PRSC7 Appraisal by WB, p20)</p> <p><b>VPPSP – Vietnam:</b></p> <p><i>“The design of VPPSP was complex, too broad and ambitious. A number of concepts were new to Vietnam, such as Business Development Services (BDS) and Business Incubators (BIs). Consequently, there was a lack of understanding and different interpretations of major concepts. Stakeholders often did not have the right expectations of what VPPSP could do or not. The lesson learned is that programmes should be made less complex in terms of institutional set-up, objectives and content.”</i> (BCS-020441.03 – sheet1)</p> <p><i>“The two components were implemented as two different projects, each with its own location, institutional set-up and team of experts and local staff, without interaction between them.”</i> (BCS-020441.03 – sheet1)</p> <p><i>“The provinces of the second wave had not been involved in the design process. Consequently, the project had to spend a lot of time in explaining and promoting the project and together with the provinces in finding a clear focus.”</i> (BCS-020441.03 – sheet1)</p> <p><i>“Overall management, including of international and national TA was taken care of by the Central Project Office in the Agency for SMEs in MPI, Hanoi, whereas the actual work was done by and for provincial stakeholders. This set-up was constraining implementation. The management of the Programme should have been more decentralised to enable a quicker and more efficient decision making process”.</i> (BCS-020441.03 – sheet2)</p> <p><b>ETV2 - Vietnam</b></p>
<p><b>I-3.4.2</b></p>	<p><b>VIETNAM</b></p> <p>Coordination with centralised operations was rather limited. EC staff noted that coordination between centralised and decentralised cooperation activities was limited to information exchange. Staff also questioned the degree to which lessons had been learned from Vietnam at the regional level.</p> <p><i>Source: MN550, 570</i></p> <p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p> <p><b>VPPSP - Vietnam</b></p> <p><b>ETV2 - Vietnam</b></p>
<p><b>JC 3.5</b></p>	<p><b><i>Projects were implemented in line with planning, both in terms of timeliness and costs</i></b></p>
<p><b>Findings at JC level</b></p>	<p>ETV was particularly well performing in terms of budget and time management, and managed to deliver ahead of schedule. This is not the case for VPPSP which suffered delays and had to be allocated additional budget to be able to consolidate its achievements.</p>
<p><b>I-3.5.1</b></p>	<p>Stakeholders consider that timing and planning do fit requirements of private sector actors</p>

I-3.5.2	Evidence provided in reports on the extent to which planned timing and costs were respected
I-3.5.3	Views of stakeholders on the extent to which planned timing and costs were respected
I-3.5.4	Factors having enhanced or hampered the respect of planning in terms of time and costs as displayed in reports and invoked by stakeholders
I-3.5.1	<b>VIETNAM:</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 – Vietnam:</b>
I-3.5.2	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP – Vietnam</b> The de-committed amount (1169270.07 out of a provision of 9050000 euro) consists of savings under the service budget, unused international TA, unused operational costs and contingency. However, all results planned for were achieved (de-commitment note).  <i>“The provinces of the second wave had not been involved in the design process. Consequently, the project had to spend a lot of time in explaining and promoting the project and together with the provinces in finding a clear focus.”</i> (BCS-020441.03 – sheet1)  <i>“The planned duration of VPSSP was insufficient to achieve the expected results, particularly in relation to the reform of the business environment, establishing well-functioning BDS and the development of Business Development Services (BDS). Private Sector Development (PSD) reform programmes should be planned based on a more realistic timetable, recognizing that patience is required to achieve reform.”</i> (BCS-020441.03 – sheet1)  <i>“Although serious delays were incurred in the first two years of the project (see for reasons next box (2.2) over the whole project period both partners, the EC and GoV provided the planned financial and human resources to the project.”</i> (BCS-020441.03 – sheet2)  <i>“The EC agreed in providing additional funds for operational costs after the ending of the project (31 December, 2008). This allowed the incubators to implement their business plans for another 2-3 years. The incubator in Hanoi has secured another USD 100,000 from the Hanoi Peoples Committee”.</i> (BCS-020441.03 – sheet2)  Given the delays and high cost of the programme (particularly, the international TA), overall cost-efficiency is considered to be moderate to low. (BCS-020441.03 – sheet2)  <i>“A number of activities will continue, such as the OSS and on-line business registration, as these are fully institutionalised. Other services of the project, such as training and capacity building to</i>

	<p><i>government staff involved in SME development and to BDS to business associations did not continue, for lack of follow-up and funds. Regarding the services of the business incubators it is obvious that they are heavily subsidized. It is not expected that the incubators can do without some kind of subsidy, even when all facilities are fully utilised.” (BCS-020441.03 – sheet5)</i></p> <p><b>ETV2 – Vietnam</b></p> <p><i>“The project implemented its overall work plan in a shorter period than originally foreseen in the TAP, and at the scheduled cost (see section 3.3.1). This was achieved thanks to disciplined and strong management by the overall project task force (OPTF).” (FE p10)</i></p> <p><i>“The transaction costs of the decentralised management model were high, in particular because of the protracted inception phase.” (FE p12)</i></p> <p><i>“Despite occasional adjustments, almost all inputs were delivered on time and managed in a transparent and accountable manner. The actual implementation period of the project was reduced by almost one year from the original thirty seven months to a little more than two years. While this created some pressure on the delivery of targeted activities, all activities were completed as planned. Financial disbursement at closure was at 96 % of planned expenditure estimated at nearly euro 10.60 million as against the allocated amount of about euro 11.04 million. This was to a considerable extent due to the efficiency and responsive manner in which each project unit operated.</i></p> <p><i>As can be seen from the above figures, resources have been appropriately and effectively utilised in a manner that is transparent and accountable with requests for services originating directly from the Government and the concurrence of the EC.” (BCS sheet2)</i></p>
<p><b>I-3.5.3</b></p>	<p><b>VIETNAM</b></p> <p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p> <p><b>VPPSP - Vietnam</b></p> <p><b>ETV2 - Vietnam</b></p>
<p><b>I-3.5.4</b></p>	<p><b>VIETNAM</b></p> <p>Factors contributing to delays included both classical reasons (e.g., incorrect planning) and more particular reasons, e.g.:</p> <ul style="list-style-type: none"> <li>- VPSSP: the time required for local authorities to understand EU procedures was also cited, whilst the final evaluation argues that the capacity gains will be lost when the contract personnel leave</li> </ul> <p><i>Source: MN550, 570</i></p> <p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p> <p><b>VPPSP - Vietnam</b></p> <p><b>ETV2 - Vietnam</b></p>



<b>EQ 4</b>	<b>To what extent did the Commission contribute to make the institutional and regulatory framework more conducive to PSD?</b>
<b>Other relevant information (not captured elsewhere)</b>	<p><i>“Driven by WTO accession and the need to level the playing field for state and privately owned enterprises, numerous commercial and legal reforms are being prepared and implemented, including: the new enterprise development and common investment laws; a new Land Law; a new Customs law focusing on trade facilitation rather than control, a new framework for the restructuring of microfinance institutions; an electricity law (2004) to restructure the power sector and measures to restrict the sectors in which state intervention is justified. However, state-owned enterprise and commercial bank reform (notably equitisation) is progressing slowly, with sales of SOEs by the government equivalent to only 10% of total state capital at the end of 2004.” (CSPNIP2007-2013 p11)</i></p> <p><i>“The European Consensus on Development states that the EU aims to “channel 50% of government-to-government assistance through country systems, including by increasing the percentage of our assistance provided through budget support or sector wide approaches”. This policy reflects a similar EU commitment made already at the March 2005 Paris High Level forum on Aid Effectiveness and re-emphasised at the April 2006 General Affairs and External Relations Council.” (PRSC5, FP, p1)</i></p>
<b>JC 4.1</b>	<b><i>The Commission support was geared to tackling the main institutional and regulatory obstacles to PSD</i></b>
<b>Findings at JC level</b>	Remarkable improvements have been achieved or are in progress to facilitate business development in Vietnam thanks to institutional and regulatory reforms. From that point of view the main obstacles remaining are (i) the banking system and financial regulatory framework and (ii) the low efficiency and unfair privileged situation of SOEs. As for dialogue with the private sector it seems limited, partly due to the recent transition of Vietnam from a planned to a market economy, with a still emerging, small and unstructured private sector.
<b>I-4.1.1</b>	Identification of the main obstacles to PSD in terms of macro-economic environment and institutional and regulatory framework in the country/region in official documents /studies (national strategies or other documents/studies), including both the domestic environment and obstacles to the integration in regional and world economies
<b>I-4.1.2</b>	Commission strategy and programming documents refer to the obstacles mentioned in I-4.1.1 and gear the support to the removal of these obstacles (or justify alternative approaches)
<b>I-4.1.3</b>	The private sector was consulted for determining the priorities for helping remove the main institutional and regulatory obstacles to PSD
<b>I-4.1.4</b>	Stakeholders, and in particular the private sector, consider that Commission support was geared towards priorities for helping remove the main institutional and regulatory obstacles to PSD
<b>I-4.1.5</b>	Number of technical and economic analyses/fora covering major strengths and weaknesses of the private sector in third countries conducted with Commission support or, in the case of pre-existing studies and fora, utilised by the Commission in developing PSD activities targeting regulatory and institutional frameworks.
<b>I-4.1.1</b>	<b>VIETNAM</b>

	<p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p> <p>« Global budget support is well-established in Vietnam and delivers through a joint donor process coordinated by the World Bank called Poverty Reduction Support Credit (PRSC). » (PRSC7-9, AF p1)</p> <p>“The EC budget support to PRSC is an untargeted budget support, directly disbursed to the State Budget to implement the SEDP 2006-2010.” (PRSC7-9, FA, TAPs, p4)</p> <p>“The SEDP is the core strategy of the Government of Vietnam on which donors aligned their support. The SEDP discusses development orientations for all sectors and fields, with varying degrees of analytical depth and detail. For each PRSC operation, donors jointly prepare a list of triggers and policy actions proposed to Government as a basis for discussion. Selection of triggers for the following PRSC operation takes place during the final negotiation of the previous PRSC operation (around May). Selection for policy actions is made at the beginning of the PRSC operation (from August to September). The Vietnam Development Report (VDR) 2007, co-signed by 16 donors, provides the main underpinnings for the new PRSC series. The preparation of this report, entitled <i>Aiming High</i>, built on the analytical work done over the first PRSC cycle, on structural reforms (as summarized in the VDR 2006, on Business), institutional modernization (VDR 2005, on Governance) and on social inclusion (VDR 2004, on Poverty).” (PRSC7-9, FA, TAPs, p8)</p> <p>« The more recent VDR 2009, <i>Capital Matters</i>, focuses on constraints to the mobilization of resources for accumulation and on the efficiency of investments by both the public and the private sector. Some of those constraints are common to many developing countries, whereas others are more specific to the transition from planned to market economy. The report reviews the operation of the main channels used to mobilize resources for investment in Vietnam, including tax revenues, bank borrowing, bond issuance, equity, and ODA. In the case of public investments, it identifies weaknesses in the selection, appraisal and implementation of projects. Some of those weaknesses result from the different speed at which decentralization, public financial management and environmental policies have progressed in recent years. Special attention is devoted to state capital, and the potential risks created by weak corporate governance in SOEs, conflicts of interest in the Government between ownership and regulation, and the ability of large groups of SOEs to control financial institutions, thus undoing previous efforts to harden the budget constraint. » (PRSC8 Appraisal by WB, p11)</p> <p>“The general conditions for tranche release of the EC contribution in PRSC7-9 apply per area:</p> <ul style="list-style-type: none"> <li>- National policy and strategy: The Socio Economic Development Plan 2006-2010 (SEDP 2006-2010). Condition: Satisfactory progress in the implementation of the partner country national policy and strategy.</li> <li>- Macroeconomic stability. Condition: Satisfactory progress in the maintenance of a stability-oriented macroeconomic policy</li> <li>- Public Financial Management (PFM). Condition: Satisfactory progress in the implementation of its programme, the Single Strategy Document to improve and reform public financial management.” (PRSC7-9, FA, TAPs, p10)</li> </ul> <p>For more details see also I-3.2.1.</p> <p><b>VPPSP – Vietnam:</b></p> <p><b>ETV2 – Vietnam:</b></p>
<b>I-4.1.2</b>	<b>VIETNAM:</b>

	<p><i>“Creating a supportive climate for enterprise is among the Vietnam’s principal challenges. Main areas to target are private sector development, SOE and banking reform, and trade policies. The legal system and the judiciary need urgent modernisation. Ministries need assistance to be better equipped to analyse and define policy suited to a global, open, and fast-changing environment. In all of these areas, Vietnam will need technical advice. These reform areas are fully commensurate with the EC’s own objectives. In addition, the EC has already been active in providing support in trade policy, promotion of the private sector and banking. In SME development, the EC could offer further know-how and technical assistance as appropriate.”(CSPNIP2002-2006 p14)</i></p> <p><i>“In Focal Point 2 (Facilitate Vietnam’s integration into the international economy), the general objective of Action 1 (public administration, institutional reform, and good governance), is to support Vietnam in its efforts to allow a properly functioning market economy and to create fair conditions for a transparent, predictable, and competitive investment and business environment by establishing a transparent, effective and efficient public administration and institutions. This includes companies registration. » (CSPNIP2002-2006 p57)</i></p> <p><i>“Possible areas where trade-related technical assistance may be appropriate include customs reform, market access for industrial goods – to identify export interests, negotiation techniques, tariffication, trade facilitation - through simplification of import and export procedures”. (CSPNIP2002-2006 p25)</i></p>
	<p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p>
	<p><b>VPPSP – Vietnam</b></p> <p><i>“The Programme purpose is to strengthen the administrative capacity and operational effectiveness of SME-related local government structures and private sector associations, fostering SME’s development, in line with the reform process leading towards a market-oriented economy in Vietnam.” (FA Annex1 p3)</i></p> <p><i>“The expected results are:</i></p> <ul style="list-style-type: none"> <li>▪ <i>Improved administrative and regulatory environment for SME development at Provincial level (nine provinces targeted)</i></li> <li>▪ <i>Improved public-private sector dialogue conducive to SME development</i></li> <li>▪ <i>Enhanced capacity of business associations to represent private sector interests needs and increased availability of business support services for SME’s at Provincial level</i></li> <li>▪ <i>Creation of new enterprises facilitated through the establishment of replicable business-technology incubators in selected sectors (Food processing in Hanoi and Information technologies in Ho Chi Minh City)” (FA Annex1 p3)</i></li> </ul> <p><i>“The programme activities are intended to:</i></p> <ol style="list-style-type: none"> <li>1. <i>Create an enabling environment conducive to SME development, in particular at provincial level; and</i></li> <li>2. <i>Establish pilot business-technology incubators to support the creation of enterprises in selected sectors of industry, with the aim of replicating them thereafter in other locations.” (FA Annex1 p4)</i></li> </ol> <p><i>“In its component 1.1, the VPPSP provides for support for the administrative and regulatory reform at Provincial level to enable business operators in less advanced provinces to benefit from the best enabling environment (simplified administrative procedures, their publication and</i></p>

	<p><i>enforcement). This will imply elements such as: (i) identifying bureaucratic and other hindrances (business regulations and registration, land permits, access to finance, local taxes, bureaucratic inspections, reporting, etc), (ii) prepare, implement and monitor an Action Plan at provincial level, (iii) strengthen co-ordination and monitoring mechanisms at central/provincial levels.” (FA Annex1 p4-5)</i></p> <p><b>ETV2 – Vietnam</b></p> <p><i>“The overall objective of the European Technical Assistance Programme for Vietnam (ETV2) is to improve economic and social development in Vietnam during its period of transition to a market economy. This is to be achieved by facilitating better decision making in the public and private sector, and the development of clear, rational, transparent policies, strategies, plans and legislation through a strengthening of policy/legislation making capacity and of means of implementation. Total EC contribution earmarked : 11 034 800 euro, for a total duration of 4 years, ending on 30 April 2011 and operational implementation ending on 30 April 2009” (FA revised annexII p3)</i></p> <p><i>“The envisaged results of the project are:</i></p> <ul style="list-style-type: none"> <li>• <i>Increased revenue raising capacities as a consequence of an improved policy making process;</i></li> <li>• <i>Effective taxation / custom laws and procedures and a fair and equitable tax collecting system;</i></li> <li>• <i>The completion of legal frameworks for accounting, auditing and insurance in accordance with international standards;</i></li> <li>• <i>Accurate statistical analysis, forecasting and monitoring to support policy decision making process;</i></li> <li>• <i>A legal framework for standards and quality assurance in line with international standards; establishment of national normative corpus completed.” (FA revised annexII p3)</i></li> </ul> <p><i>“The project is composed of six components, of which components 3,4 and 6 are more directly linked to PSD.</i></p> <p><i>Component 1: Fiscal Policy and Legal Advisory Services.</i></p> <p><i>Component 2: Tax administration.</i></p> <p><i>Component 3: Customs, including in view of making the business environment more attractive for foreign direct investment.</i></p> <p><i>Component 4: Accounting, Auditing, Insurance, including preparation of decrees for the implementation of the law on accounting for business enterprises. This component is essential for the protection of investors and customers and for the competitiveness of Vietnam as a destination for foreign investment.</i></p> <p><i>Component 5: Statistical Analysis, Policy Tools.</i></p> <p><i>Component 6: Standards and Quality Control, starting from the indicated urgent sectors such as fish and other food products. This component will help the General Department of Standards, Measurement and Quality (STAMEQ) in completing its implementation/revision of the Measurement-Standards-Testing-Quality (MSTQ) practice and will involve the Vietnam Chamber of Commerce and Industry (VCCI) as reference point for documentation and basic formation, but also as representative of the developing Private Sector. “(FA revised annexII p3-4)</i></p> <p><i>“Direct beneficiaries will include officials at the Ministry of Finance, Ministry of Planning and Investment, Directorate General for Customs and the Directorate for Standards and Quality. The Vietnamese people, including the private sector, will benefit from improved public services and through gains in efficiency and equity.” (FP p2)</i></p>
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I-4.1.3	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<p><b>VPPSP – Vietnam</b></p> <p><i>“In the various provinces already before the start of VPSSP, several events were held that can be labelled as Public-Private Dialogue (PPD). This was punctual and more realistic than setting up formal PPD structures, which are also partly beyond the mandate of the project. The project tried this first, but it was too complicated. In addition, an on-line dialogue was set up (Hai Phong), but little use was made of it.” (BCS-020441.03 – sheet2)</i></p>
	<p><b>ETV2 – Vietnam:</b></p> <p><i>“With regard to the standards/quality component of the programme, beneficiaries will include in particular Vietnamese and European economic operators (exporters and importers), as well as consumers and industry”. (FP p3)</i></p> <p><i>“Vietnam is still ‘transitioning’ to a market economy and many professional organisations and private sector associations are of recent date. This explains that GoV is still finding its way in how to interact with them but it also underscores the necessity to develop such links in a transparent way, in the building process of public policy debate. At present professional institutions, universities, NGOs and the general public are consulted through working groups and discussions of draft laws (as legally stipulated).” (FE p11)</i></p> <p><i>“Recommendation for GoV: Recognise the growing importance of private sector involvement through transparent and formal consultation mechanisms, as a welcome element of demand side pressure on policy making and as an indispensable indicator of market needs in a market economy.” (FE p12)</i></p> <p><i>“An issue is the role and participation in the project of the private sector. The overall objective refers to ‘market economy’ and ‘decision making in the public and private sector’, but the chosen approach was to incorporate support for private sector with the mainstream support for GoV agencies. This holds for component 6 especially, with structures and procedures where the private sector would have virtually no power share and where synergies have remained marginal and eventual benefit/ impact on private sector elusive. Involvement of the private sector could also have been better developed in component 4.” (FE p24)</i></p> <p><i>“Like the other components, component two saw a downsizing of the scope of activities to manageable proportions during the inception phase. Elements which diminished or disappeared included the HRM aspects, cooperation with private sector, and the IT system environment”. (FE p47)</i></p>
I-4.1.4	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
I-4.1.5	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>

	<b>ETV2 - Vietnam</b>
<b>JC 4.2</b>	<b><i>The Commission has had strong policy dialogue on the institutional and regulatory frameworks</i></b>
<b>Findings at JC level</b>	The policy dialogue with the GoV is geared towards support to the SEDP (Vietnamese Socio-Economic Development Plan). This is particularly the case in PRSC where this dialogue is articulated thanks to a policy matrix and the definition of 'triggers'.
<b>I-4.2.1</b>	Number, level and depth of contacts with public authorities
<b>I-4.2.2</b>	Number, level and depth of contacts with other policy actors (e.g. business associations, non-state actors, IMF/WB, other donors)
<b>I-4.2.3</b>	Evidence exists of Commission leadership in or contribution to dialogue with policy actors
<b>I-4.2.4</b>	Evidence exists of Commission contribution to private-public dialogue
<b>I-4.2.1</b>	<p><b>VIETNAM</b></p> <p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p> <p><i>More than 20 line ministries and government agencies participated in the preparation and implementation of the policy matrix, a National Steering Committee for the implementation of PRSC operations was established in 2002. (PRSC7-9, FA, TAPs, p5)</i></p> <p><i>"The Ministry of Planning and Investment's secretariat for the SEDP is responsible for the overall oversight of all donors' related activities in support of the implementation of the SEDP". (PRSC7-9, FA, TAPs, p5)</i></p> <p><i>"The SEDP is the core strategy of the Government of Vietnam on which donors aligned their support. The SEDP discusses development orientations for all sectors and fields, with varying degrees of analytical depth and detail. For each PRSC operation, donors jointly prepare a list of triggers and policy actions proposed to Government as a basis for discussion. Selection of triggers for the following PRSC operation takes place during the final negotiation of the previous PRSC operation (around May). Selection for policy actions is made at the beginning of the PRSC operation (from August to September). The Vietnam Development Report (VDR) 2007, co-signed by 16 donors, provides the main underpinnings for the new PRSC series. The preparation of this report, entitled Aiming High, built on the analytical work done over the first PRSC cycle, on structural reforms (as summarized in the VDR 2006, on Business), institutional modernization (VDR 2005, on Governance) and on social inclusion (VDR 2004, on Poverty)." (PRSC7-9, FA, TAPs, p8)</i></p> <p><i>« The PRSC operations serve as an aid harmonization device, supported by an increasing number of development partners. The PRSCs have been co-financed by bilateral and multilateral agencies, either through grants or parallel lending. More importantly, the process saw a transition in the role of co-financiers, from providers of finance to partners engaged in the preparation of the operations and the policy dialogue with the Government. This dialogue is organized by policy areas, in which development partners engage selectively, based on their interests and technical capacity on the ground. The PRSC framework also serves as a coordination device for technical assistance (TA) provided by donors, and the TA in turn provides valuable inputs to the policy dialogue. » (PRSC8 Appraisal by WB, p8)</i></p>

	<p>« There are differences in, the readiness of the leadership to embrace reforms in different areas, with the window of opportunities difficult to predict. » (PRSC8 Appraisal by WB, p10)</p> <p><b>VPPSP - Vietnam</b></p> <p><b>ETV2 – Vietnam:</b></p>
<b>I-4.2.2</b>	<p><b>VIETNAM</b></p> <p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p> <p><b>VPPSP - Vietnam</b></p> <p><b>ETV2 - Vietnam</b></p>
<b>I-4.2.3</b>	<p><b>VIETNAM:</b></p> <p><i>“Overall, the policy dialogue between the GoV and donors, including the EC, has been focused primarily on influencing the implementation of existing pro-market reform policies, rather than introducing or designing new ones. This had the result of ensuring very high GoV ownership of support provided. While it is difficult to quantify and qualify the specific impact of EC-funded interactions on legislative and policy-making processes, linkages clearly do exist; for example, the Institutional Support Programme (ISP) provided a great deal of support to the National Assembly on matters related to WTO.” (EvalVol1p22)</i></p> <p><i>“The SP is fully aligned to the Government of Vietnam’s Socio-economic Development Plan 2006 to 2010. EC assistance will be provided wherever possible through budget and sector support, so as to assure sustainable, effective policy dialogue, Government ownership and leadership and co-ordination with other donors.” (CSPNIP2007-2013 p5)</i></p> <p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p> <p><b>VPPSP - Vietnam</b></p> <p><b>ETV2 – Vietnam</b></p> <p><i>“Recommendation for GoV: Make fully efficient use of TA by building in more flexibility and space for dialogue. Ownership is essential, but the value of international experience of TA lies in their potential contribution, through dialogue, to the orientation of reform.” (FE p12)</i></p>
<b>I-4.2.4</b>	<p><b>VIETNAM</b></p> <p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p> <p><b>VPPSP – Vietnam:</b></p> <p><b>ETV2 - Vietnam</b></p>
<b>JC 4.3</b>	<b><i>The institutional and regulatory frameworks have been strengthened</i></b>
<b>Findings at JC level</b>	The results of the PRSC in terms of regulatory and institutional reforms are reported as good (e.g. new IPR law, enterprise law), with the exception of SOEs reform and financial/banking reforms lagging behind. VPPSP evaluations are much less positive. As for ETV, there are good results but risks exist in terms of sustainability (e.g. capacity to follow the fast changing international food safety standards for exports and effective capacities of institutions and their staff).
<b>I-4.3.1</b>	Reports / stakeholders show that new laws and regulations have been issued and are enforced
<b>I-4.3.2</b>	Reports / stakeholders show that required institutions have been created or

	developed and are operational
I-4.3.3	Evidence exists of Commission role in strengthening of institutional and regulatory frameworks
I-4.3.4	Stakeholders consider that Commission interventions have maximised local government commitment by ensuring they are in line with the government's own agenda, consulting with relevant stakeholders and proposing reforms at the local or sub-national level.
I-4.3.1	<p><b>VIETNAM</b></p> <p>Stakeholders reported several important regulatory reforms over the evaluation period, most notably the Enterprise Law in 2005 (facilitating registration of new enterprises) and the Land Law and Customs Laws bringing about easier access to land and more streamlined customs procedures for non-stated-owne enterprises. However, the extent to which these reforms can be attributed to EC activities was openly questioned by stakeholders.</p> <p><i>Source: MN550, 560, 568, 555 ,570</i></p> <p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p> <p>« EC support to Vietnam's budget through PRSC1 to 5 follows 3 pillars, with pillar I more directly linked to PSD and composed of the following elements, their triggers and additional comments :</p> <ul style="list-style-type: none"> <li>• <i>Integration into the world economy (WTO) :</i> <ul style="list-style-type: none"> <li>- <i>Trigger : issue new Intellectual Property Law in accordance with WTO requirements – law passed in November 2005</i></li> <li>- <i>Eliminate quantitative restrictions on imports in accordance with WTO requirements</i></li> </ul> </li> <li>• <i>State-owned enterprise reform:</i> <ul style="list-style-type: none"> <li>- <i>Trigger : classify SOEs by performance and publish results - the Ministry of Finance (MOF) has received self-assessment reports from 3,800 SOEs for 2004</i></li> <li>- <i>Approve plans for the restructuring of selected large SOEs based on the holding company model</i></li> <li>- <i>Establish State Capital Investment Corporation (SCIC) to exercise state ownership rights in equitized "independent SOEs" instead of ministries and provinces –Require valuation of assets for all transactions by the state by independent appraisal enterprises, unless through auctions</i></li> </ul> </li> <li>• <i>Financial sector reform :</i> <ul style="list-style-type: none"> <li>- <i>Trigger : issue a comprehensive roadmap for the reform of the banking sector – roadmap approved by Prime Minister in May 2006, new law governing the SBV to be converted into a modern central bank focusing on monetary policy and supervision)</i></li> <li>- <i>Complete the Basel Core Principles self-assessment to identify weaknesses in banking supervision</i></li> <li>- <i>Complete the preparations for the equitization of MHB, with a strategic investor</i></li> <li>- <i>Issue plan for the equitization of Vietcombank, allowing the participation of a strategic investor</i></li> <li>- <i>Increase provisioning for NPLs in SOCBs based on their classification in line with international practice</i></li> <li>- <i>Submit a Securities Law for capital markets development and strengthened disclosure for publicly held companies</i></li> <li>- <i>Increase the cap for foreign share holding in listed companies to 49 percent</i></li> </ul> </li> <li>• <i>Private sector development :</i></li> </ul>



	<ul style="list-style-type: none"> <li>- <i>Trigger : issue a Unified Enterprise Law leading to equal treatment for firms regardless of ownership – law passed in November 2005 ; the law sets a maximum of four years for all SOEs to move under its ambit ; the law will clarify the manner in which the state exercises its ownership rights in the enterprise)</i></li> <li>- <i>Issue an Investment Law applicable equally to domestic and foreign investors</i></li> <li>- <i>Establish an independent competition authority to address restrictive commercial practices</i></li> <li>• <i>Infrastructure ((i) PRSC5, FA, TAPs p4-5 ; (ii) PRSC5, FA attachmentI ; (iii) « (PRSC5, FA attachmentII)</i></li> </ul> <p><i>« The business development pillar of PRSD8 addressed private sector development by issuing regulations to reform agriculture research, and to nurture SMEs ». (PRSC8 Appraisal by WB, p16-17)</i></p> <p><i>« The GoV has issued regulations on state-owned economic groups for better corporate governance and setting limits for cross share holding. Better corporate governance of large SOEs, improving how the state ownership for those enterprises is exercised, and strengthening market discipline in running these entities are critical elements in state sector reforms. The state sector reforms have not advanced swiftly, partly because the issues are complex. The slow pace also reflects a struggle among the vested interests on the one hand, and the natural tendency for the government wishing to avoid mistakes on high-stakes policy changes on the other. In addition, transferring the responsibility of exercising the ownership rights away from the State agencies requires non State entities and persons receiving this responsibility to have the necessary capacity to perform the duties adequately. Ministry of Finance has confirmed that separation of the regulator function and exercise of the state-ownership rights, and ensuring transparency and competition in the sale of state assets are the principle guiding its efforts in state sector reform. » (PRSC9 Appraisal by WB, p20)</i></p> <p><i>« The GoV has finalized regulations to better assess commercial banks' portfolio risks, enhance public disclosure, and strengthen supervision. Improving how the portfolio risks are assessed remains an urgently-needed reform. Not having relevant information to assess the health of banks and the banking sector is an obstacle for investors and analysts alike. The State Bank of Vietnam (SBV) has been strengthening its supervision function, and it intends to move the focus further towards risk management from compliance monitoring ». (PRSC9 Appraisal by WB, p20)</i></p> <p><b>VPPSP – Vietnam:</b></p> <p><i>“One Stop Shops (OSS) for the registration of new businesses were established in the first wave of three provinces. The establishment of the OSS would probably have happened anyway, under the reforms introduced by the Government in 2001, but the programme assisted their early implementation.” (BCS-020441.03 – sheet2)</i></p> <p><i>“The project made several detailed proposals on the reform of investment licensing, the transfer of land (issue of land use rights certificates) and the issue of construction permits. Numerous workshops and seminars were conducted to discuss alternatives and options with all relevant stakeholders. However, due to the complexity and sensitiveness of land issues, in the end the final proposals were not approved by the authorities (Peoples Committee).” (BCS-020441.03 – sheet2)</i></p> <p><i>“A main part of the project was to build intuitional and management capacity in provincial government and private business associations. The capacity built by the project in the direct project</i></p>
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	<p><i>implementers is partly lost to the government as it were contracted positions, however, these staff are expected to work in the private sector, so a good use will still be made of the capacity built. The BDS clubs established by the project were insufficiently capacitated and had insufficient funding at the time the project ended, so they were unable to operate satisfactorily.” (BCS-020441.03 – sheet5)</i></p> <p><b>ETV2 – Vietnam:</b>  <i>“The technical sustainability of most achieved results is good. However, these results need to continue to evolve further. Legislation and standards keep evolving internationally and Vietnam needs to keep up.” (FE p11)</i></p> <p><i>“While the results, in terms of the formulation and passage of legislation, were achieved, the full effect of planned outcomes will be continuous and evolve over time.” (BCS sheet3)</i></p>
<p><b>I-4.3.2</b></p>	<p><b>VIETNAM</b>                  Stakeholders argued that I&amp;R reforms were central to the EC’s PSD interventions in Vietnam over the evaluation period. However, instead of targeting new legislation, EC activities often targeted policy implementation and institutional strengthening instead:</p> <ul style="list-style-type: none"> <li>- The final evaluation of ETV2 stated that the programme targeted implementation of the Government of Vietnam’s policy agenda, rather than attempting to influence that agenda itself (with some exceptions)</li> <li>- PSSP final report suggests that some activities had positive impact on institutional infrastructure for business registration (e.g., the registration one stop shops), reducing registration time from 30 days to 8 days; but other areas of the project (e.g. activities on investment licenses and land transfers) were less effective</li> </ul> <p><i>Source: MN550, 570</i></p> <p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p> <p><b>VPPSP - Vietnam</b></p> <p><b>ETV2 – Vietnam</b>  <i>“Project focus remained on support to the implementation of tasks faced by the beneficiaries and not on institutional change or human resources management.” (FE p10)</i></p> <p><i>“The fact that ETV2’s agenda was completely aligned with policy priorities set at a higher level leaves no doubt about their political support. The main threat to the institutional sustainability comes from the limitations in human resources of the various departments.” (FE p11)</i></p> <p><i>“Long term sustainability of results relates to broader institutional reform.” (FE p11)</i></p> <p><i>“The project focused on policy areas and not on institutional development or (re)organisation of involved ministry departments. This constituted a limiting factor for the impact of most components and a serious obstacle in component three.” (FE p12)</i></p>
<p><b>I-4.3.3</b></p>	<p><b>VIETNAM:</b>  <i>“A crucial aspect of any support to far-reaching economic transition towards a liberal market system is the provision of training and capacity building for both government officials and representatives of the emerging private sector. In this regard, it is clear from the available</i></p>

	<p><i>documentation that extensive training programmes for both groups have been provided.” (EvalVol2p95)</i></p> <p><i>“While it is difficult to clearly quantify and qualify the specific impact of EC-funded interactions on legislative and policy-making processes, there is ample evidence for existing linkages. The PRSC has probably been the most significant contribution in this regard. Through its soft conditionality the PRCS has been providing important incentives to keep the macroeconomic reform programme on track while supporting reform-minded political actors within the VCP and the Government”. (EvalVol2p95)</i></p>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>I-4.3.4</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>JC 4.4</b>	<b><i>The strengthening of the institutional and regulatory framework has contributed to the creation, better functioning and growth of enterprises</i></b>
<b>Findings at JC level</b>	The private sector obviously benefited from the reforms realized thanks the PRSC. ETV and, more critically VPPSP, are less convincing from that point of view. But in all cases room for improvements remains, particularly with respect to an effective transition from planned to market economy and aspects such as unfair treatment between private and public industries to the advantage of the latter.
<b>I-4.4.1</b>	Evidence that enterprises have benefited from an improved framework and environment
<b>I-4.4.1</b>	<p><b>VIETNAM:</b></p> <p><i>“Many obstacles to the development of the private sector remain. Discrimination in the implementation of state policies regarding credit, real estate and training results in the private sector and the public sector receiving different treatment. State monopolies are still common. While some forms of pricing have been liberalised, the state still sets many important prices, including the (foreign) exchange rate, interest rate and the prices of some goods. Some sectors of the economy are directed by the market, but many branches still depend on state plans.” (EvalVol2p99)</i></p> <p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p> <p><i>« The time needed to start a business was further shortened by unifying tax and business identification numbers. Seal-carving procedures, identified as one of the main sources of delays in registration, were considerably streamlined. A number of incentives related to Enterprise Income Tax were abolished in November, 2007, whereas the new law on Personal Income Tax simplified tax procedures for household businesses. A decree guiding the implementation of the Enterprise Law specified that all organizations (including foreign-invested enterprises) and all individuals (including foreigners) have the right to contribute capital and to acquire states in unlisted companies. In practice, this means that the previous 30 percent cap on foreign ownership was raised to 100 percent. »(PRSC7 Appraisal by WB, p20)</i></p> <p><i>« Policy reforms were made in increasing competition and efficiency of the pharmaceutical sector,</i></p>

	<p><i>separation of the exercise of the ownership rights from the regulatory function in the unequitized SOEs, improved competition and transparency in the sale of state capital in equitization process, facilitating bank mergers and restructuring, improving regulations on securities to foster development of domestic capital market, improving disclosure of audited financial information of public companies, improving disclosure requirements of audited financial information of public companies, and strengthening legal framework and institutional capacity of the National Transportation Safety Committee. A medium term strategy for Vietnam Development Bank was also developed. » (PRSC9 Appraisal by WB, p21)</i></p>
	<p><b>VPPSP – Vietnam:</b></p> <p><i>“Towards the end of the project, all planned beneficiaries had full access to the services provided and results achieved by the project.” (BCS-020441.03 – sheet3)</i></p> <p><i>“The One Stops shops (OSS) are functioning well and stakeholders perceived them as valuable developments. The time required to complete the registration process has declined from between twenty to thirty days to less than eight. In addition, compliance costs were reduced considerably. Although the project did not achieve conclusive results in the field of investment licensing, the preparatory work done in simplifying land transfers is useful and other stakeholders could take them up later, when conditions are more conducive.” (BCS-020441.03 – sheet3)</i></p> <p><i>“Whereas government staff affirmed to have benefitted from the project in terms of improved skills and rendering better services to the private sector, the private sector was less convinced. Some benefit was obtained from OSS, but further administrative reform is needed in areas, such as land management and construction and investment licensing.” (BCS-020441.03 – sheet3)</i></p>
	<p><b>ETV2 – Vietnam:</b></p> <p><i>“An issue is the insufficient outreach to the private sector. VNCCI has been left aside from the main stream of activities, although being “associated” to the Component’s steering committee. Through support to VNCCI and VPC, ETV2 has achieved discrete outputs, which feed only very partially into the component and ETV2 objective (Decision making in the public and private sector facilitated). Further, questions may be raised on the use of inputs: channelling training onto official entities (VPC, Quatest, Quacert) has certainly not helped in establishing a fair level ground in respect with other private quality consultancies operating in the country.” (FE p80)</i></p> <p><i>“While the results, in terms of the formulation and passage of legislation, were achieved, the full effect of planned outcomes will be continuous and evolve over time.” (BCS sheet3)</i></p>

EQ 5	To what extent did the Commission contribute to improve access to finance by enterprises?
<b>Other relevant information (not captured elsewhere)</b>	Apart from the SMEDF instrument (not studied in this evaluation) which directly targets facilitated loans to SMEs, there is no direct EC support to SMEs with respect to access to finance. On the other hand, one part of the PRSC addresses the reform of the financial sector in general terms, with limited success though, the banking sector remaining one of the weak points in Vietnam with respect to economic development.
<b>JC 5.1</b>	<i>The Commission's support was informed by an analysis of the country/region's main constraints in terms of access to finance for enterprises (whether they were primarily on the demand or on the supply side or both)</i>
<b>Findings at JC level</b>	
<b>I-5.1.1</b>	Existence of documented analysis of the countries'/regions main constraints in terms of access to finance (demand and supply side)
<b>I-5.1.2</b>	In its strategy/programming documents the Commission refers to these analyses
<b>I-5.1.3</b>	Stakeholders, in particular from the private sector, consider that the constraints identified are the right ones
<b>I-5.1.3</b>	The Commission support was geared towards tackling the constraints identified in these analyses
<b>I-5.1.5</b>	Number of Commission interventions in the area of access to finance that have been conducted in cooperation with other financial institutions
<b>I-5.1.1</b>	<p><b>VIETNAM:</b> See other J.C. in E.Q. 5.</p> <p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p> <p><b>VPPSP – Vietnam</b></p> <p><b>ETV2 – Vietnam</b></p>
<b>I-5.1.2</b>	<p><b>VIETNAM:</b></p> <p>EC staff confirmed the points below taken from the CSPs that there is no level playing field re. access to finance for private enterprises in Vietnam, due to the following factors:</p> <ul style="list-style-type: none"> <li>- State-owned enterprises dominate the market and the major banks are also state-owned.</li> <li>- Banking legislation has been passed to combat this, but the practice of preferring SOEs to private enterprises is still observable among the country's main banks</li> </ul> <p><i>Source: MN550, 570</i></p> <p><i>“State-owned enterprises (SOEs) account for the lion's share of Vietnam's non-performing loans, resulting in contingent liabilities for the government estimated at 8% of GDP, and thus weaken the position of the banking sector. The latter is dominated by four large state-owned commercial banks (SOCBs), which account for about three quarters of total credit. The efforts of the SOCBs to improve the quality of their loan portfolios so far have had limited success.</i></p>

	<i>Continued reform of the SOE and the banking sector are thus essential, as are the creation of a true 'level playing field' between the state and the non-state sector and the improvement of the enabling framework for SMEs." (CSPNIP2007-2013 p6-7)</i>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>I-5.1.3</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>I-5.1.4</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>I-5.1.5</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>JC 5.2</b>	<i>At the macro-level, the Commission has addressed the constraints in the business environment for larger enterprises and MSMEs to develop</i>
<b>Findings at JC level</b>	
<b>I-5.2.1</b>	Steps were taken to facilitate the creation of formal enterprises, through accessible procedures of registration
<b>I-5.2.2</b>	The Commission has supported the regulatory environment of financial intermediaries to facilitate their lending to, and/or investment in, MSMEs
<b>I-5.2.1</b>	<b>VIETNAM:</b> See other J.C. in E.Q. 5.
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>I-5.2.2</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>

<b>JC 5.3</b>	<b><i>Support targeted enterprises that were facing difficulties in obtaining financial products and services</i></b>
<b>Findings at JC level</b>	
<b>I-5.3.1</b>	The Commission had a specific approach to identify those enterprises that were facing difficulties in obtaining loan and investment funding
<b>I-5.3.2</b>	The Commission identified the specific constraints these enterprises were facing
<b>I-5.3.3</b>	The Commission support was geared to these enterprises and aimed at tackling their specific constraints, including specifically for MSMEs (core constraints of lack of capitalisation and lack of collateral)
<b>I-5.3.1</b>	<p><b>VIETNAM:</b> EC interventions on access to finance were very limited (only some elements of the BS project PRSC touched on this issue, beyond this, the EC did not act on access to finance) <i>Source: MN550, 570</i></p> <p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p> <p><b>VPPSP - Vietnam</b></p> <p><b>ETV2 - Vietnam</b></p>
<b>I-5.3.2</b>	<p><b>VIETNAM</b></p> <p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p> <p><b>VPPSP - Vietnam</b></p> <p><b>ETV2 - Vietnam</b></p>
<b>I-5.3.3</b>	<p><b>VIETNAM</b></p> <p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p> <p><b>VPPSP - Vietnam</b></p> <p><b>ETV2 - Vietnam</b></p>
<b>JC 5.4</b>	<b><i>At the meso-level, the Commission has supported the intermediary organisations supporting enterprises (large and MSMEs)</i></b>
<b>Findings at JC level</b>	
<b>I-5.4.1</b>	Stakeholders consider that the Commission has selected those private sector representative organisations that have a real impact
<b>I-5.4.2</b>	Intermediary Organisations supported by the Commission have, during the period of support, implemented activities designed to increase capacity of private sector enterprises to obtain funding from bank or non-banking institutions
<b>I-5.4.1</b>	<p><b>VIETNAM:</b> See other J.C. in E.Q. 5.</p> <p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p>

	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>I-5.4.2</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>JC 5.5</b>	<i>The ability of enterprises to obtain financial products and services has been strengthened</i>
<b>Findings at JC level</b>	
<b>I-5.5.1</b>	Improvements in enterprises' capacities to submit bankable dossiers and evidence provided in this respect
<b>I-5.5.2</b>	Improvements in enterprises' accounting practices and evidence provided in this respect
<b>I-5.5.3</b>	Improvements in dealing with enterprises' lack of capitalisation (e.g. through seed money, venture capital) and lack of collateral (e.g. guarantee schemes) and evidence provided in this respect
<b>I-5.5.1</b>	<p><b>VIETNAM:</b></p> <p><i>"Small and Medium-sized Enterprise Development Fund – Phase II (2003-2008) has provided training to bankers and SME managers related to SME lending procedures, business planning, training and interview skills, etc. Since the project was planned, the investment climate in Vietnam as well as the private banking sector of the country have developed dramatically and loans are now available to any enterprise which fulfils the conditions that comply with international established good banking practice."</i> (EvalVol2p98)</p>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>I-5.5.2</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>I-5.5.3</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>



<b>JC 5.6</b>	<b><i>Supported financial institutions have improved their ability to mobilise funding and/or act as intermediaries</i></b>
<b>Findings at JC level</b>	
<b>I-5.6.1</b>	Commission strategy and programming documents foresee support for the mobilisation of private funding sources including private savings
<b>I-5.6.2</b>	Commission strategy and programming documents foresee support for more efficient financial markets
<b>I-5.6.3</b>	Central Bank monitoring data show an increase and diversification of private funding sources including private savings
<b>I-5.6.4</b>	Stakeholders consider there is a linkage between the observed evolutions in funding mobilisation and the Commission's support
<b>I-5.6.5</b>	Local financial institutions have improved their mobilisation and intermediation to effectively channel resources and adapt financial services/products to the needs of local enterprises and notably of MSMEs
<b>I-5.6.1</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>I-5.6.2</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>I-5.6.3</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>I-5.6.4</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>I-5.6.5</b>	<p><b>VIETNAM:</b></p> <p><i>“Vietnamese economy remains on a steep growth path. This growth is mainly driven by small and medium enterprises (SMEs). The origin of the EC's support for SMEs in Vietnam dates back to 1997 with a project on SME development (the Small and Medium-sized Enterprise Development Fund I/SMEDF until December 2000) with the Ministry of Labour, Invalids and Social Affairs acting as the Executing Authority. Un-disbursed funds from this project were made available for a further phase (SMEDF II, until 2008) in order to continue addressing the main constraints that SMEs are facing, namely access to medium - and long-term credit for</i></p>

	<p><i>undertaking investments in the creation or extension of production capacities. Inter alia, SMEDF II assisted Vietnamese SMEs to export goods to the EU. The new fund was set up to be administered by the Vietnamese Development Assistance Fund (DAF) which was later transformed into the Vietnam Development Bank (VDB). The capital is lent to three private and one state bank at slightly concessional conditions with the objective to enhance the banks' operations in the SME sector. Additionally, SMEDF II provides training to bankers and SME managers related to SME lending procedures, business planning, training and interview skills, etc. The SMEDF II fund constitutes only 1-2% of the SME lending portfolio of Vietnamese banks and therefore remains marginal, but has improved the availability of medium and long term loans.” (EvalVol2p113)</i></p> <p><i>“Small and Medium-sized Enterprise Development Fund – Phase II (2003-2008) has provided training to bankers and SME managers related to SME lending procedures, business planning, training and interview skills, etc. Since the project was planned, the investment climate in Vietnam as well as the private banking sector of the country have developed dramatically and loans are now available to any enterprise which fulfils the conditions that comply with international established good banking practice.” (EvalVol2p98)</i></p>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>JC 5.7</b>	<b><i>Among MSMEs, the Commission has addressed the constraints of micro-enterprises</i></b>
<b>Findings at JC level</b>	
<b>I-5.7.1</b>	The Commission has analysed the specific problems of micro-enterprises in countries of intervention
<b>I-5.7.2</b>	The Commission has addressed the capacity problems of micro-enterprises in terms of submitting bankable financing requests to financial intermediaries
<b>I-5.7.3</b>	The Commission has addressed the capacity problems of micro-enterprises in terms of management capacity, accounting, and transparency
<b>I-5.7.4</b>	Evidence that MSMEs have improved their access to finance and role of the Commission support in this respect
<b>I-5.7.1</b>	<b>VIETNAM:</b> No specific information found.
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>I-5.7.2</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>I-5.7.3</b>	<b>VIETNAM</b>

	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>I-5.7.4</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>

<b>EQ 6</b>	<b>To what extent did the Commission contribute to a better ability of enterprises, in particular SMEs, to compete and to access technology and new markets?</b>
<b>Other relevant information (not captured elsewhere)</b>	<p>The VPPSP is the studied intervention which most directly addresses SMEs' capacities to compete on new markets but unfortunately this programme is reported as fairly underperforming. In addition to the reasons cited below, stakeholders in the field cited questions about the suitability of the implementing partner (the government of Vietnam's ministry of planning and investment) in this regard.</p> <p>More generally, the trend in Vietnam is geared towards enhanced (sector) budget support, addressing indirectly SMEs' capacities but not looking at this specific achievement with special attention.</p> <p>However, several stakeholders cited clear needs regarding enterprise competitiveness and market access, notably given the following developments in the Vietnamese private sector from 200 to 2009:</p> <ul style="list-style-type: none"> <li>- Tenfold increase in number of new enterprises, but with patchy quality on business strategies, standard and practices seen among new enterprises</li> <li>- WTO accession opened up the economy to international competition, placing pressure on enterprises to adopt new standards and practices</li> <li>- The Vietnamese Business Development Services markets in particular remains weak, according to several interlocutors in the country. Stakeholders noted the absence of many community-based BDS demonstration projects in the poorest communities and remote areas, which could target poverty reduction by linking value chains and improving management practices in the pockets of poverty remaining in Vietnam</li> </ul> <p><i>Source: MN550, 558, 568, 555, 570</i></p>
<b>JC 6.1</b>	<b><i>The Commission's support to enterprise competitiveness was targeted on the basis of an analysis of the main shortcomings of enterprises in terms of competitiveness</i></b>
<b>Findings at JC level</b>	
<b>I-6.1.1</b>	Existence of documented analysis of the main shortcomings of enterprises in terms of competitiveness, including forward studies and surveys of key sectors or subsectors in regions/countries concerned
<b>I-6.1.2</b>	In its strategy/programming documents the Commission refers to these analyses
<b>I-6.1.3</b>	Stakeholders, in particular from the private sector, consider that the shortcomings identified are the right ones
<b>I-6.1.4</b>	The Commission support was geared towards tackling the shortcomings identified in these analyses
<b>I-6.1.5</b>	A critical mass of enterprises facing competitiveness problems (grouped by sector, or by potential exporting enterprises) has been targeted
<b>I-6.1.6</b>	PSD programming in the area of BDS and non-financial service provision has targeted sustainable reinforcement of the structures and functioning of local markets (as per Recommendation RI-2 of the 2005 Evaluation)

<b>I-6.1.7</b>	Number of BDS interventions aimed at reinforcing local BDS markets versus the number of interventions providing direct BDS services
<b>I-6.1.1</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP – Vietnam:</b>
	<b>ETV2 – Vietnam:</b>
<b>I-6.1.2</b>	<b>VIETNAM:</b> Significant obstacles to the emergence of a market economy and the development of the private sector remain. (EvalVol2p95)
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<p><b>VPPSP – Vietnam</b></p> <p><i>“The Programme purpose is to strengthen the administrative capacity and operational effectiveness of SME-related local government structures and private sector associations, fostering SME’s development, in line with the reform process leading towards a market-oriented economy in Vietnam.” (FA Annex1 p3)</i></p> <p><i>“The problem analysis reveals that there are several sources of weakness leading to reduced / unbalanced SME development: (1) deficiencies in the capacity of provincial administrations and private sector associations to support the start-up and development of small and medium enterprises; (2) deficiencies in the dialogue between public and private sector and in the capacity to introduce and replicate best administrative practice for SME development; (3) limited access of SME to know-how and sector specific technologies for more innovative and value-added development opportunities.” (FA Annex1 p4)</i></p> <p><i>“In its component 1.2, the VPPSP aims to enhance business associations and business development service providers in the selected provinces. They should provide impartial information, advisory and advocacy services as well as financial services on behalf of their members and act as intermediaries. This will be achieved by undertaking a baseline study, reinforcing the capacity of business associations and private sector suppliers at provincial level, stimulating the provision of business support services in selected provinces.” (FA Annex1 p5)</i></p> <p><i>“The project conducted an intensive needs assessment at the start of the project. The use of international consultants bringing European and international experience was the main implementation instrument of the project. In order to make them effective, they teamed up with local consultants, who know the socio-cultural context well. As they were not always available, international consultants did a lot of work themselves, which was not always optimal.” (BCS-020441.03 – sheet5)</i></p>
	<p><b>ETV2 – Vietnam</b></p> <p><i>“Due to recent quality problems in the export of seafood in the field of standardisation/quality control (component VI), emphasis will now be given to agricultural and fishery products and will include in addition to STAMEQ also the Ministry of Fisheries.” (FP p4)</i></p>
	<b>I-6.1.3</b>
<b>PRSC 3 to 9 - Vietnam (GBS)</b>	

	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>I-6.1.4</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b> <i>« The envisaged results of the project (PRSC 1 to 5) directly or indirectly linked to PSD are:  a. Strengthened donor/Government dialogue and strengthened policy formulation based on the CPRGS reform agenda in particular in the following sectors: Education, Health, Trade and Public Finance Management;  b. Adequate economic reforms are introduced for further integration of Vietnam into the World Economy  d. Broadened and deepened financial sector able to provide more efficiently capital and services for private enterprises;  e. Improved framework to accelerate private sector development and private sector investment;  f. Improved governance and public financial management. » (PRSC5, FA, TAPs p3)</i>  <i>« Coping with a rapidly growing demand for electricity and addressing bottlenecks in transport are among the most pressing infrastructure challenges faced by the government of Vietnam. In the case of electricity a market needs to be created in order to ensure affordable prices while attracting private investment. » (PRSC7 Appraisal by WB, p20)</i>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>I-6.1.5</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>I-6.1.6</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>I-6.1.7</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>JC 6.2</b>	<i>The delivery channels or IOs for this support were appropriate and able to deliver</i>
<b>Findings at JC level</b>	
<b>I-6.2.1</b>	Commission programming documents and stakeholders show that intermediary organisations were selected on the basis of their ability to deliver

I-6.2.2	Monitoring/evaluation reports and/or stakeholders provide evidence that selected intermediary organisations delivered
I-6.2.3	Monitoring/evaluation reports and/or stakeholders provide evidence that key follow-up at the level of intermediary organisations occurred
I-6.2.4	Monitoring/evaluation reports and/or stakeholders provide evidence to show that institutions for business development services have been strengthened in a sustainable manner
I-6.2.1	<p><b>VIETNAM:</b> No specific information found.</p> <p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p> <p><b>VPPSP – Vietnam:</b>  <i>“The Programme purpose is to strengthen the administrative capacity and operational effectiveness of SME-related local government structures and private sector associations, fostering SME’s development, in line with the reform process leading towards a market-oriented economy in Vietnam.” (FA Annex1 p3)</i></p> <p><i>“The expected results are:</i></p> <ul style="list-style-type: none"> <li>▪ <i>Improved administrative and regulatory environment for SME development at Provincial level (nine provinces targeted)</i></li> <li>▪ <i>Improved public-private sector dialogue conducive to SME development</i></li> <li>▪ <i>Enhanced capacity of business associations to represent private sector interests needs and increased availability of business support services for SME’s at Provincial level</i></li> <li>▪ <i>Creation of new enterprises facilitated through the establishment of replicable business-technology incubators in selected sectors (Food processing in Hanoi and Information technologies in Ho Chi Minh City)” (FA Annex1 p3)</i></li> </ul> <p><i>“The project decided to develop Business Development Services (BDS) networks and promote the establishment of BDS Associations, later on labeled as “BDS-clubs”. The BDS clubs remained informal structures.” (BCS-020441.03 – sheet2)</i></p> <p><i>“The project provided too little capacity building to business associations and networking to have an effect on their business operations.” (BCS-020441.03 – sheet3)</i></p> <p><i>“The work of the project in supporting BDS was of too short a duration to make the BDS clubs effective bodies and to have an impact on the performance of businesses.” (BCS-020441.03 – sheet4)</i></p> <p><i>“A main part of the project was to build intuitional and management capacity in provincial government and private business associations. The capacity built by the project in the direct project implementers is partly lost to the government as it were contracted positions, however, these staff are expected to work in the private sector, so a good use will still be made of the capacity built. The BDS clubs established by the project were insufficiently capacitated and had insufficient funding at the time the project ended, so they were unable to operate satisfactorily.” (BCS-020441.03 – sheet5)</i></p>

	<b>ETV2 - Vietnam</b>
<b>I-6.2.2</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>I-6.2.3</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>I-6.2.4</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>JC 6.3</b>	<b><i>Enterprises that benefited from Commission support have been upgraded and accessed new markets</i></b>
<b>Findings at JC level</b>	<i>“Vietnam’s rapid integration into the regional and global economic environment has been accompanied by both challenges and opportunities. Among them are the need for significant improvements to the country’s IPR regimes and challenges faced by the fast growing SME sector in an competitive international environment. While the EC has been supporting SMEs since 1998 through the Small and Medium-sized Enterprise Development Funds I and II, the documentary evidence does not provide any findings on the impact of activities funded under the programme on SME’s export competitiveness.” (EvalVol2p108-109)</i>
<b>I-6.3.1</b>	Evidence exists of follow-up after cooperation meetings and agreements in terms of upgrading of enterprises (development of skills, know-how, managerial, market knowledge, etc.), and adequate targeting of key sectors
<b>I-6.3.2</b>	Number of business to business cooperation and promotion meetings which gave rise to increased trade exchanges and enhanced export prospects
<b>I-6.3.3</b>	Number of business to business cooperation and promotion meetings which gave rise to durable partnerships enhancing business opportunities and sustainable enterprise prospects
<b>I-6.3.4</b>	Monitoring reports demonstrate a systematic flow of know-how resulting from such activities
<b>I-6.3.1</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP – Vietnam:</b> <i>“During the implementation of most components numerous workshops were held and training sessions were conducted that enhanced knowledge on the enterprise law and its implications. Participants were trained to improve their and skills in areas of customer services, communication, leadership and group interaction.” (BCS-020441.03 – sheet3)</i>



	<p><i>“Local consultants and government and private actors gained experience in a number of analytical tools. However, they have little opportunity to use them in practical work.. It is difficult for stakeholders to find alternative funding to implement recommendations and complement any work.” (BCS-020441.03 – sheet4)</i></p>
	<b>ETV2 - Vietnam</b>
<b>I-6.3.2</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>I-6.3.3</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>I-6.3.4</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>JC 6.4</b>	<b><i>Enterprises that benefited from Commission support have increased their access to technology</i></b>
<b>Findings at JC level</b>	
<b>I-6.4.1</b>	Monitoring reports show that new technology, including European technology, has been mobilised by enterprises in Partner Countries
<b>I-6.4.2</b>	Stakeholders interviews indicate that such technology transfers has heightened their competitiveness
<b>I-6.4.3</b>	Monitoring reports indicate that the volume of technology transfers has been important for enterprises and relevant target sectors
<b>I-6.4.1</b>	<b>VIETNAM:</b> No specific information found.
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP – Vietnam:</b> The programme activities are intended to: <ol style="list-style-type: none"> <li>1. Create an enabling environment conducive to SME development, in particular at provincial level; and</li> <li>2. Establish pilot business-technology incubators to support the creation of enterprises in selected sectors of industry, with the aim of replicating them thereafter in other locations. (FA Annex1 p4)</li> </ol>

	<p><i>“In its component 2, the VPPSP will create new enterprises through the establishing of pilot business- technology incubators in selected sectors of industry. The success of SME depends on their access to know-how and technology. Two pilot incubators will be created, one operating to facilitate the start-up of enterprises with high potential in the ICT/Software sector (Ho Chi Minh City) and the other in the food processing/ packaging sector (Hanoi).” (FA Annex1 p6)</i></p> <p><i>“The establishment of the two business incubators was faced with numerous problems, such as the land acquisition process, legal status, procurement and construction, and attraction of suitable clients. It was found that the construction of the HBI is still sub-optimal for food processing and additional infrastructure is needed (inadequate drainage, air circulation, no air conditioning, no generator (there are frequent electrical cut-offs) and no ceilings in the various units making the processing vulnerable). The number of enterprises directly served is relatively small (10 instead of the 20 planned). The SBI’s facilities are largely underutilised and despite promotional rental fees and marketing efforts they are unable to attract start-ups. Less than one-third of space for enterprises is rented (7 instead of planned 20).”(BCS-020441.03 – sheet2)</i></p> <p><i>“Despite the apparently reduced impact of the incubators, ASMED of MPI considers them as a potentially highly successful and innovative instrument, Consequently, the agency has developed an “incubator policy” and intends to replicate incubators in other sectors and other locations. However, before implementing the policy, it is important that first the existing incubators prove they are effective and sustainable instruments.” (BCS-020441.03 – sheet4)</i></p> <p><b>ETV2 - Vietnam</b></p>
<b>I-6.4.2</b>	<p><b>VIETNAM</b></p> <p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p> <p><b>VPPSP - Vietnam</b></p> <p><b>ETV2 - Vietnam</b></p>
<b>I-6.4.3</b>	<p><b>VIETNAM</b></p> <p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p> <p><b>VPPSP - Vietnam</b></p> <p><b>ETV2 - Vietnam</b></p>

<b>EQ 7</b>	<b>To what extent did Commission support contribute to increased cross-border investment in partner countries' private sectors?</b>
<b>Other relevant information (not captured elsewhere)</b>	<p>Investment promotion was not a major target of EC activities in Vietnam over the evaluation period. Some activities were undertaken under trade cooperation activities, such as MUTRAP III. In addition, stakeholders noted that the government of Vietnam conducts several investment promotion activities itself. Activities targeting SMEs in particular, however, have not been seen by stakeholders over the evaluation period, either from the donor community or the government of Vietnam.</p> <p><i>Source: MN550, 555, 557, 560, 570</i></p> <p>The new enterprise law in 2000 and the accession to WTO in 2007 are two factors which contributed to the increase of FDI in Vietnam (mostly from Asian origin). But due to several bottlenecks and shortcomings, FDI inflows remain instable and are even decreasing, suggesting that Vietnam should also rely on domestic investment and hence on private sector development.</p>
<b>JC 7.1</b>	<b><i>The Commission's support was targeted on the basis of an analysis of the needs of enterprises</i></b>
<b>Findings at JC level</b>	<p><i>"There is a large gap between current economic performance and the SEDS objectives. Investment is one of the areas where SEDS could fall short of its target. Growth in investment will have to come from domestic sources and FDI. As the whole south-east Asia region is suffering a decrease in FDI, domestic investment should become an important source of growth.</i></p> <p><i>An increase in domestic investment requires that private sector development, particularly through SMEs, and the liberalisation of services become top priorities for the government". (CSPNIP2002-2006 p12).</i></p>
<b>I-7.1.1</b>	Enterprises needs analyses provided in regional/country surveys or through other means
<b>I-7.1.2</b>	Evidence in programming documentation on the Commission's knowledge of potential European sources of investment when organising investment promotion activities
<b>I-7.1.3</b>	Elements provided in programming documentation and/or by stakeholders showing that the Commission's support was based on these needs analyses and that the Commission had a prioritised approach in selecting groups of beneficiary enterprises
<b>I-7.1.1</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>I-7.1.2</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>

<b>I-7.1.3</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>

<b>JC 7.2</b>	<b><i>The Commission has supported the development of investment-related intermediary organisations, and these IOs have effectively engaged in investment promotion</i></b>
<b>Findings at JC level</b>	<p><i>“In the CSP2002-2006, specific assistance under Action 1 (public administration, institutional reform, and good governance) In Focal Point 2 (Facilitate Vietnam’s integration into the international economy), could aim not only at public sector administration, but also private sector economic entities, such as associations, chambers of commerce and leading companies on a pilot basis.” (CSPNIP2002-2006 p58)</i></p> <p><i>“As part of various activities, the European Chamber of Commerce helped Vietnamese companies to benefit from international trade opportunities – mainly through facilitation contacts between European and Vietnamese companies. EuroCham has assisted around 600 European businesses to seek partners in Vietnam. The chamber has held up to 20 business seminars in big cities, bringing EU and local businesses together since early 2007. Furthermore, EuroCham has hosted various events to provide information on the EU market to Vietnamese exporters, helping accelerate bilateral trade.” (EvalVol2p102)</i></p>
<b>I-7.2.1</b>	Number of Investment Promotion Agencies (IPAs) and other investment intermediaries supported
<b>I-7.2.2</b>	Monitoring reports contain evidence of improvements in the performance of IOs in the supply of investment support
<b>I-7.2.3</b>	Number of investment promotion events that gave rise to actual additional investment
<b>I-7.2.1</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>I-7.2.2</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>I-7.2.3</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>JC 7.3</b>	<b><i>The Commission has supported investment related business to business meetings &amp; investment promotion events, and these have had identifiable results</i></b>
<b>Findings at JC level</b>	<p><i>“As part of various activities, the European Chamber of Commerce helped Vietnamese companies to benefit from international trade opportunities – mainly through facilitation contacts between European and Vietnamese companies. EuroCham has assisted around 600 European businesses to seek partners in Vietnam. The chamber has held up to 20 business seminars in big cities, bringing EU and local businesses together since early 2007. Furthermore, EuroCham has</i></p>

	<i>hosted various events to provide information on the EU market to Vietnamese exporters, helping accelerate bilateral trade.” (EvalVol2p102)</i>
<b>I-7.3.1</b>	Number of investment promotion meetings & events organised
<b>I-7.3.2</b>	Monitoring reports contain evidence of investment mobilisation resulting from such events, and stakeholders confirm such results
<b>I-7.3.3</b>	Commission follow-up steps have been taken to enhance the results of investment promotion activities
<b>I-7.3.4</b>	Also see answers to indicators I-6.3.2 and I-6.3.3 above
<b>I-7.3.1</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>I-7.3.2</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>I-7.3.3</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>I-7.3.4</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>JC 7.4</b>	<b><i>Commission support has encouraged FDI</i></b>
<b>Findings at JC level</b>	<p><i>“International trade and inflows of foreign direct investment – mainly into export-oriented manufacturing – have been main growth drivers. FDI has been increasing by an average of 16.6% since 2000 to reach USD 5.8bn in 2005, without, however, coming close to the 1996 high water mark of over USD 9bn.” (CSPNIP2007-2013 p6)</i></p> <p><i>“Over a period of almost two decades since the opening of Vietnam to FDI (1988-2006), FDI in Vietnam has been dominated by regional investors. Investors from the Asian region accounted for 67% of inward FDI flows in Vietnam. As a late comer in Vietnam, US FDI has increased significantly since the conclusion of the Bilateral Trade Agreement in 2001.” (EvalVol2p115)</i></p> <p><i>“As bilateral trade and FDI inflows show, EU firms are active across almost all sectors of the Vietnamese economy. They have therefore benefitted from the general drive to market opening and regulatory reforms as well as Vietnam’s rapid integration into the regional and global economy. The turning point for Vietnam’s development towards a market-based economy was the implementation of the new Enterprise Law in 2000, which simplified the process of founding a</i></p>

	<p><i>new business by easing application procedures. The law was followed by an amendment to the constitution granting the private sector the same status as Vietnam's public sector.” (EvalVol2p98)</i></p> <p><i>“However, Vietnam’s economy is missing legislation in key areas. For example, lack of legislation leaves foreign companies unable to register local branches. A new decree announced by the government in July 2006 failed to provide guidance on the issue. At the same time, the implementation of new laws is sometimes hindered by the fact that disagreement between interest groups in the government and the CPV continues even after legislation had been passed by the National Assembly. It seems that many pieces of legislation in Vietnam are unveiled without proper evaluation of their impact. Foreign investment is hindered by a long screening process, non-transparent bureaucracy, and an unreliable legal system. The judiciary is weakened by widespread corruption, which inhibits the effective enforcement of contracts.” (EvalVol2p99)</i></p> <p><i>“WTO accession largely contributed to increased foreign investors’ confidence in Vietnam’s business environment, the establishment of a level playing field with domestic companies and improved transparency and the quality of the regulatory framework. However, a large gap between commitments and disbursements remains. 2007 only saw disbursements of around US\$ 8 billion. While this implies more than the doubling of the absolute amount of disbursed FDI year-on-year, it still represents a 60% gulf between commitments and disbursements.” (EvalVol2p108)</i></p> <p><i>“Manufacturing has absorbed the bulk of FDI inflows in Vietnam - in terms of the number of projects, registered capital and implemented capital – followed by services and agriculture. The distribution of FDI across provinces is very uneven.” (EvalVol2p115)</i></p>
I-7.4.1	Reports exist that document the mobilisation of investment flows as a result of Commission support
I-7.4.2	In the absence of actual financial investment, the Commissions reports demonstrate that potential has been created for later investment resulting from business partnerships
I-7.4.1	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
I-7.4.2	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>JC 7.5</b>	<b><i>SMEs were adequately targeted by comprehensive provision of investment related services</i></b>
<b>Findings at JC level</b>	
I-7.5.1	Regional and country surveys and studies indicate that SMEs were among the Commission’s priorities
I-7.5.2	Intervention documentation evidences that SMEs have been duly targeted

<b>I-7.5.3</b>	Monitoring reports contain evidence of investment mobilisation benefiting SMEs
<b>I-7.5.1</b>	<b>VIETNAM:</b> No specific information found.
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>I-7.5.2</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>I-7.5.3</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>



EQ 8	To what extent has the Commission PSD support contributed to facilitate the generation of employment?
Other relevant information (not captured elsewhere)	<p>Stakeholders met during field phase noted that EC PSD-related activities were geared towards integration into the world economy rather than employment as such. Consequently, employment effects of PSD activities were not monitored by EC staff. Nevertheless, EC strategy documents and interviewees underlined the importance of the private sector for employment (90% of new jobs created over the period 2000-2006), and several stakeholder highlighted the importance of the informal economy (60% of new enterprises created over 2000-2009 came from the informal sector).</p> <p><i>Source: MN550, 555, 570</i></p> <p><i>“During the past five years, 7.5 million jobs have been created, equivalent to an average of 1.5 million additional jobs annually. Non-State economic sectors remain the most dynamic source of job creation, with 90% of new employment in the entire economy created through non-state sectors. The capacity for further economic development, economic integration and poverty reduction is hampered by persisting problems of low productivity, under-qualification and lack of professional and technical staff. Rural unemployment rates remain high and above 20%, and urban labour markets are under strain, not least due to the continued restructuring of state enterprises.” (CSPNIP2007-2013 p9)</i></p> <p><i>“The so called “Labour Market” project was announced in the NIP 2002/2004 and the NIP 2005/2006 and, due to an initial lack of interest on the beneficiary’s side, only forecasted in February 2006 and actually started its first activities mid 2008.</i></p> <p><i>The purpose of this project is to strengthen the design and development of a labour market information system (LMIS) in key provinces and to improve the institutional capacity for human resources development planning at the provincial and central level. It aims to support the improved quality and relevance of skills training in order to satisfy the emerging demands for skilled workers in a market economy. The project specifically addresses two elements: improved planning for human resource development through the availability of better information on labour market and skill needs at the level of local labour markets; and, after an initial needs analysis, improved relevance of skills, through improved teacher/trainer capacity.” (EvalVol2p65)</i></p> <p><i>“EC was involved in project/programme support for the labour market project “Better Information for Creating Jobs and Developing Skills in Vietnam” (December 2007 – December 2010), aiming at introducing more market-oriented approaches responding to competitive challenges through two specific objectives:</i></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> <i>To support the design and development of a centre of labour market information in the Ministry of Labour, Invalids and Social Affairs (MoLISA) and selected provinces and improve the institutional capacity for human resources development planning and socioeconomic development planning;</i></li> <li><input type="checkbox"/> <i>To strengthen the quality of vocational teachers’ training in order to satisfy the industrial sector’s (both public and private) demands for skilled workers based on vocational training level.</i></li> </ul> <p><i>The implementing agent for this project is the International Labour Organisation (ILO). “(EvalVol2p59)</i></p> <p><i>“In the sub-sector of Vocational Education and Training (VET) the recent start of the Labour Market project, managed by the Ministry of Labour, Invalids and Social Affairs (MoLISA) seems to be chosen at the right moment – exactly at a point in time that the GoV is taking up VET as one of the priorities for the further development of the education system.</i></p>

	<p><i>However, it is too early to expect any impact of this project.” (EvalVol1p20)</i></p> <p><i>“While Vietnam’s labour market has done relatively well so far in terms of securing a high level of employment, the pace of job creation and the smooth transition of rural employment towards the industry and services sectors could be hampered by a lack of adequate labour regulation and labour market information system, wage setting, and link between education/vocational training and private sector requirements. Great importance is attached to the development of modern universal social insurance, but progress varies between sub-sectors, as far as the introduction of voluntary schemes, complementing compulsory ones, is concerned.” (PRSC6, AAP to DCI, p4)</i></p>
<b>JC 8.1</b>	<b><i>The Commission monitors employment effects</i></b>
<b>Findings at JC level</b>	
<b>I-8.1.1</b>	Description of Commission practices in terms of monitoring of employment effects (e.g. specific indicators defined)
<b>I-8.1.2</b>	Evolution of employment figures included in beneficiary progress reports to Commission
<b>I-8.1.1</b>	<p><b>VIETNAM:</b> No specific information found.</p> <p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p> <p><b>VPPSP - Vietnam</b></p> <p><b>ETV2 - Vietnam</b></p>
<b>I-8.1.2</b>	<p><b>VIETNAM</b></p> <p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p> <p><b>VPPSP - Vietnam</b></p> <p><b>ETV2 - Vietnam</b></p>
<b>JC 8.2</b>	<b><i>Generation of employment has been a concern of the Commission when providing PSD support</i></b>
<b>Findings at JC level</b>	
<b>I-8.2.1</b>	Commission strategy and programming documents explain how supported interventions will contribute to employment
<b>I-8.2.2</b>	Available reports explain how Commission support aimed at and did contribute to employment
<b>I-8.2.3</b>	Stakeholders consider that Commission interventions aimed at and did contribute to the generation of employment
<b>I-8.2.1</b>	<p><b>VIETNAM:</b> « Focal Point 2 of the CSP2002-2006 (Integration into the International Economy – promotion of the private sector) explains that the reform of State-Owned Enterprises and the anticipated migration of people away from the land will result in a more pressing need for employment creation. Increased numbers of small and medium-sized enterprises will be required to drive the modernisation of Vietnam’s economy and to maximise export and industrial co-operation opportunities. » (CSPNIP2002-2006 p25)</p>

	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>I-8.2.2</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>I-8.2.3</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>JC 8.3</b>	<i>Commission support to formalisation of MSMEs has contributed to increased employment opportunities</i>
<b>Findings at JC level</b>	
<b>I-8.3.1</b>	Evolution of employment figures within MSME sector in beneficiary countries during evaluation period
<b>I-8.3.2</b>	Number of MSMEs created in beneficiary countries during evaluation period
<b>I-8.3.1</b>	<p><b>VIETNAM:</b></p> <p><i>“In 2007, around 59,000 private companies were established. This reflects the continued improvement in the business environment as a result of pro-business legislation such as the Common Investment Law and the Unified Enterprises Law that created a level playing field between local and foreign firms. Since 2000, more than 259,000 new companies have been set up, many of them Small and Medium Enterprises.” (EvalVol2p99)</i></p> <p><i>“The share of SMEs among Vietnamese firms has continuously increased from 94% of 42,000 firms in 2000 to 97% of more than 110,000 firms in 2005. SMEs employed a rather stable portion of total labour force of between 34%-38% each year.” (EvalVol2p114)</i></p> <p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p> <p><b>VPPSP – Vietnam</b></p> <p><b>ETV2 - Vietnam</b></p>
<b>I-8.3.2</b>	<p><b>VIETNAM</b></p> <p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p> <p><b>VPPSP – Vietnam:</b></p> <p><i>“The expected results are:</i></p> <ul style="list-style-type: none"> <li>▪ <i>Improved administrative and regulatory environment for SME development at Provincial level (nine provinces targeted)</i></li> <li>▪ <i>Improved public-private sector dialogue conducive to SME development</i></li> <li>▪ <i>Enhanced capacity of business associations to represent private sector interests needs and increased availability of business support services for SME’s at Provincial level</i></li> </ul>

	<i>Creation of new enterprises facilitated through the establishment of replicable business-technology incubators in selected sectors (Food processing in Hanoi and Information technologies in Ho Chi Minh City)</i> (FA Annex1 p3)
	<b>ETV2 - Vietnam</b>
<b>JC 8.4</b>	<b><i>Commission SBS has increased private sector employment opportunities in the sectors supported</i></b>
<b>Findings at JC level</b>	<i>"Within the sector budget support programme Vocational Education and Training (VET) standards are mentioned, but not addressed by any activities. Only in the recently published Education Development Strategic Plan 2009-2020 is VET taken up as one of the priorities. Through the modality of the mentioned budget support programme it is impossible to trace any impact of the EC contribution separate from the contributions of other international partners and the GoV."</i> (EvalVol2p65)
<b>I-8.4.1</b>	Evolution of employment figures in the sectors supported by Commission SBS during evaluation period
<b>I-8.4.1</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>JC 8.5</b>	<b><i>Commission support has contributed to the transition of entrepreneurs from the informal to the formal sector</i></b>
<b>Findings at JC level</b>	
<b>I-8.5.1</b>	Commission strategy and programming documents foresee support for the transition from the informal to the formal sector
<b>I-8.5.2</b>	Improvements in the transition from the informal to the formal sector
<b>I-8.5.1</b>	<b>VIETNAM:</b> No specific information found.
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP – Vietnam:</b> <i>"The pilot programme of VSSP to introduce improved business registration procedures in selected provinces has been succeeded by the recently established UNIDO programme to harmonize the registration databases of all involved agencies in all sixty-three provinces. One of the benefits of this programme will be the normalization of company names at a national level. In the provinces targeted by VSSP for the establishment of OSS for business registration, the experience gained under VPSSP will facilitate the harmonization process."</i> (BCS-020441.03 – sheet5)
	<b>ETV2 - Vietnam</b>
<b>I-8.5.2</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>

EQ 9	What was the Commission's added-value when providing support to PSD in third countries?
<p><b>Other relevant information (not captured elsewhere)</b></p>	<p><i>“While it is difficult to clearly quantify and qualify the specific impact of EC-funded interactions on legislative and policy-making processes, linkages clearly do exist; for example, the Institutional Support Programme (ISP) provided a great deal of support to the National Assembly on matters related to WTO. However, the PRSC has probably been the most significant contribution in this regard. Through the soft conditionality implicit in its policy matrix, the PRSC has been providing important incentives to keep the macroeconomic reform programme on track while supporting reform-minded political actors within the VCP and the Government. The EC was instrumental in the development of Vietnam’s WTO accession strategy and Post WTO Action Plan.” (EvalVol2p94)</i></p> <p><i>“In its second phase was carried out from January 2005 to June 2008 and focused on post-WTO assistance. It helped Vietnam to address impacts from its WTO membership, increase policy-making capacity, and raise the competitive edge of Vietnamese-made products to meet foreign markets' requirements.” (EvalVol2p101)</i></p> <p><i>“ETV2 works both in fields that are new for the Commission in Vietnam (taxation, customs), while also building upon some elements of ETV I, an EC-supported programme that provided assistance in institutional strengthening that came to an end in 1999 (insurance, accountability); it includes some of the same partners and provides for a follow up of work already carried out in certain fields, taking full accounts of developments since the end of ETV I.” (ETV FP p3)</i></p> <p><i>“The value added to ETV2 by the fact that it is supported by the EC rather than by another (European bilateral) donor lies in two main reasons. First, the European experience of regional integration constitutes an asset for all aspects relating to Vietnams integration in the ASEAN region. In that context the study tours to Brussels, for example, offered unique opportunities to Vietnamese officials to meet high level interlocutors. The main point, however, lies in the EC’s superior influence in the policy dialogue between Vietnam and the international community. The EC can take up issues emerging from ETV2 and bring them to a higher or different forum of policy discussion in order to support core issues. This relates in particular to the overall framework of PFM reform measures which are discussed under the general budget support mechanism also supported by EC under the PRSC mechanism”. (ETV FE p26)</i></p> <p><i>« The quality of EC involvement in PRSC has been steadily improving over the years, (a) financially, (b) in terms of policy dialogue, and (c) as regards process. (a) While the EC financial contribution to PRSC 3 to 6 passed through a World Bank managed trust fund , it will be channelled directly to Vietnam’s budget from 2008 onwards, without affecting the joint donor approach in policy dialogue; (b) EC/EU inputs in the policy dialogue increasingly draw on expertise from EC funded projects, and from thematic EU working groups and partnership groups in health, education and the private sector; (c) under pressure from EC/EU and like minded partners, the World Bank took appropriate measures regarding transparency and communication. » (PRSD - AAP2008 Memorandum to DCI p4)</i></p>

<b>JC 9.1</b>	<b><i>The Commission PSD strategies were geared towards the provision of Commission-specific benefits, as compared to private sector initiatives, other financing modalities and support provided by other actors</i></b>
Findings at JC level	
I-9.1.1	Commission documents that lay down the overall (not country specific) PSD strategy of the Commission require that the Commission PSD strategies and interventions are chosen on the basis of, among other things, the specific benefits the Commission can provide
I-9.1.2	CSPs/RSPs and programming documents highlight the specific value added of the Commission support
I-9.1.3	Stakeholders consider that the potential value added of the Commission support has been a key criterion for deciding on the nature of the support to be provided
I-9.1.1	<b>VIETNAM:</b> No specific information found.
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
I-9.1.2	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
I-9.1.3	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>JC 9.2</b>	<b><i>The beneficiaries of Commission PSD support were not in a position to provide or to provide as swiftly and with the same results the support that was provided by the Commission</i></b>
Findings at JC level	
I-9.2.1	Evidence provided in strategy, programming documents and reports that show that beneficiaries at macro, meso- and micro level were not in a position to provide the support
I-9.2.2	Stakeholders consider that beneficiaries at macro, meso- and micro level were not in a position to provide the support
I-9.2.1	<b>VIETNAM:</b> No specific information found.
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>

	VPPSP - Vietnam
	ETV2 - Vietnam
I-9.2.2	VIETNAM
	PRSC 3 to 9 - Vietnam (GBS)
	VPPSP - Vietnam
	ETV2 - Vietnam
<b>JC 9.3</b>	<i>The Commission's grant support had specific benefits</i>
Findings at JC level	
I-9.3.1	Areas of PSD support selected by the Commission are generally not considered as fit for loan funding or for other financing modalities
I-9.3.2	Evidence provided in evaluation/ monitoring reports on the value added of the Commission through blending grant funding with other modes and sources of funding
I-9.3.3	Stakeholders consider that the Commission had value added through blending grant funding with other modes and sources of funding
I-9.3.4	Elements provided in strategy, programming documents, and reports that show other specific benefits of grant funding for the interventions
I-9.3.5	Stakeholders are able to show other specific benefits of the grant funding for the PSD support provided
I-9.3.1	<b>VIETNAM:</b> No specific information found.
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
I-9.3.2	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
I-9.3.3	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
I-9.3.4	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>

	<b>ETV2 - Vietnam</b>
<b>I-9.3.5</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>JC 9.4</b>	<b>VIETNAM</b>
<b>Findings at JC level</b>	
<b>I-9.4.1</b>	Documents show and stakeholders consider that the Commission's support at country and/or intervention level was of significant financial weight compared to the support provided by other actors
<b>I-9.4.2</b>	Documents show and stakeholders consider that the Commission provided a technical expertise that could not be provided by other actors (to the extent possible to be broken down by area of intervention)
<b>I-9.4.3</b>	Documents show and stakeholders consider that the Commission infused EU best practice and standards through its support
<b>I-9.4.4</b>	Documents show and stakeholders consider that the Commission's procedures offered advantages compared to those of other actors
<b>I-9.4.5</b>	Documents show and stakeholders consider that the fact that the support was provided by the Commission as representing the EU offered specific advantages
<b>I-9.4.6</b>	Documents show and stakeholders consider provide examples of other types of VA
<b>I-9.4.1</b>	<b>VIETNAM:</b> No specific information found.
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>I-9.4.2</b>	<b>VIETNAM</b> Stakeholders met during field phase noted that the EC had the following areas of added value: <ul style="list-style-type: none"> <li>- Knowledge of economic integration</li> <li>- Knowledge with respect to EU standards</li> <li>- Independence from the economic interests of any particular country</li> </ul> <i>Source: MN 570</i>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>I-9.4.3</b>	<b>VIETNAM</b>



	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>I-9.4.4</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>I-9.4.5</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>I-9.4.6</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>

<b>EQ 10</b>	<b>To what extent were the Commission's organisational set-up and management practices fit to a successful implementation of its PSD support?</b>
<b>Other relevant information (not captured elsewhere)</b>	
<b>JC 10.1</b>	<b><i>The devolution facilitated the implementation of the Commission PSD support</i></b>
<b>Findings at JC level</b>	<i>"Devolution, with management by the EC Delegation in Hanoi of both bilateral projects and those financed through NGO budget lines and Asia-wide programmes (e.g. Asia-Invest), has allowed stronger linkages to be established between the two." (CSPNIP2007-2013 p13)</i>
<b>I-10.1.1</b>	Stakeholders provide evidence that the devolution to delegations contributed to facilitating to the implementation of PSD support (e.g. better knowledge of local needs/priorities, better interaction with local stakeholders, notably of the private sector, etc.)
<b>I-10.1.2</b>	Stakeholders do not consider that there were major drawbacks of the devolution to delegations in terms of PSD support (e.g. less direct linkages with the European private sector, less coherence in the approach, etc.)
<b>I-10.1.3</b>	Stakeholders, such as major private sector operators in countries, are of the view that the EU Delegations make efforts to understand the private sector fabric and its constraints
<b>I-10.1.1</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP – Vietnam:</b> <i>"The EC delegation could have been more pro-active in helping the PTF to overcome the initial administrative bottlenecks and explaining EC procedural requirements. However, overall the EC delegation has been responsive to programme management needs." (BCS-020441.03 – sheet2)</i>
	<b>ETV2 - Vietnam</b>
<b>I-10.1.2</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>I-10.1.3</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>

<b>JC 10.2</b>	<i>The division of responsibilities between different DGs did not hamper an optimal implementation of the Commission's PSD support in the different countries'/regions concerned</i>
<b>Findings at JC level</b>	
<b>I-10.2.1</b>	The Commission had formal mechanisms to ensure collaboration between its different DGs involved with PSD related matters, including in terms of transfer of knowledge on PSD support within and outside the EU
<b>I-10.2.2</b>	Stakeholders consider that Commission support in third countries has benefited from general PSD knowledge and networks present within the Commission
<b>I-10.2.1</b>	<b>VIETNAM:</b> No specific information found.
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>I-10.2.2</b>	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>JC 10.3</b>	<i>The Commissions' HR policy was conducive to an optimal design and implementation of its PSD support</i>
<b>Findings at JC level</b>	
<b>I-10.3.1</b>	Existence of a specific HR policy for the management of Commission support to PSD in third countries
<b>I-10.3.2</b>	Existence of sufficient dedicated staff specialised in PSD matters both at HQ and Delegation level
<b>I-10.3.3</b>	Existence of specialised PSD trainings for staff in charge of PSD matters
<b>I-10.3.4</b>	Staff in charge of the Commission's PSD support is conversant with PSD constraints, and are well aware of the strategy and guidance documents, as well as of specific tools developed by the Commission for implementation
<b>I-10.3.5</b>	Stakeholders consider that Commission HR policy was a strength/weakness of PSD support
<b>I-10.3.1</b>	<b>VIETNAM:</b> No specific information found.
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>

I-10.3.2	VIETNAM
	PRSC 3 to 9 - Vietnam (GBS)
	VPPSP - Vietnam
	ETV2 - Vietnam
I-10.3.3	VIETNAM
	PRSC 3 to 9 - Vietnam (GBS)
	VPPSP - Vietnam
	ETV2 - Vietnam
I-10.3.4	VIETNAM
	PRSC 3 to 9 - Vietnam (GBS)
	VPPSP - Vietnam
	ETV2 - Vietnam
I-10.3.5	VIETNAM EC staff cited some HR-related issues, e.g., reducing the numbers of staff in the EUD, but noted that these were not specific to PSD at all <i>Source: MN550, 570</i>
	PRSC 3 to 9 - Vietnam (GBS)
	VPPSP - Vietnam
	ETV2 - Vietnam
JC 10.4	<i>The Commission developed and used specific tools and guidance to facilitate the design and implementation of its PSD support</i>
Findings at JC level	
I-10.4.1	Description of available tools and guidance for the Commission support to PSD
I-10.4.2	Knowledge and use of these tools and guidance by Commission staff in charge of support to PSD
I-10.4.3	Commission staff expressed the view that these tools and guidance were useful
I-10.4.1	<b>VIETNAM:</b> No specific information found.
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP – Vietnam:</b> The European Commission has recently adopted the Communication ‘European Community Co-operation with Third Countries in the field of private sector development – Harmonization of programming and supportive instruments. One of the priority areas outlined for a sound private sector development consist in the technical assistance support for a favourable enabling environment contributing to a higher level of cost efficiency for enterprise development (administrative, regulatory, know-how) as pursued by the VPPSP programme activities.

	<b>ETV2 - Vietnam</b>
<b>I-10.4.2</b>	<b>VIETNAM</b> EC staff were aware of the PSD Guidelines but noted that they rarely use them. <i>Source: MN550, 570</i>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP – Vietnam</b>
	<b>ETV2 – Vietnam</b>
<b>I-10.4.3</b>	<b>VIETNAM</b> EC staff argued that the PSD Guidelines, as per most HQ Guideline documents, are perhaps more targeted towards LDCs rather than MICs such as Vietnam. Staff specifically noted that MIC-specific guidelines would be well received. <i>Source: MN570</i>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>JC 10.5</b>	<b><i>The Commission monitored/evaluated its support to PSD and used and disseminated the results</i></b>
<b>Findings at JC level</b>	<p>« PRSC 5 is the final operation in the first cycle (PRSC1 to 5) supporting the Vietnam Comprehensive Poverty Reduction and Growth Strategy (CPRGS). Lessons drawn from PRSC 3, 4 and 5 include:</p> <ul style="list-style-type: none"> <li>• Several recommendations on reporting and coordination that strengthened the PRSC 5 assessment, appraisal and negotiation process</li> <li>• Ownership is key to the strong relationship developed between donors and Government. Key documents conclude that Vietnam continues to articulate and implement sound reform-oriented policies and programmes in collaboration with donors.</li> <li>• By focusing on transparency and laying the grounds for more decisive reform of the banking and broader state-owned sector, the proposed operation addresses some of the main concerns raised in the EC's previous support through the PRSC process. Similarly, greater emphasis has been placed in the dialogue and preparation of this operation on PRSC/CPRGS development outcomes as the ultimate target for policy actions.</li> <li>• The increase in co-financiers and funds means that a strong lead by the World Bank and the increasingly coordinated policy dialogue between donors and government is crucial, especially around the preparation of PRSC operations. It is contributing to the mitigation of risks, as it allows focusing attention on the laggard areas of the program.” (PRSC5, FP, p2)</li> </ul> <p>“Results under the new PRSC cycle started in 2006 can be measured against the specific development objectives spelled out in the SEDP. They address the Millennium Development Goal's and are further developed in the SEDP 2006-2010 monitoring and evaluation framework. This framework, adopted by Government in May 2007, contains key results in areas including education, public financial management, trade and environment. It relies on “chains” of indicators, linking government policies with development targets. A comprehensive assessment of progress will be undertaken twice: a first time jointly in 2009 and a second time in 2011.” (PRSC7-9, FA, TAPs, p2)</p>

	<p>“The mid-term review of the SEDP in 2009 will quantify the results produced with the support of PRSC 6 to 9. Examples of expected results by the end of 2010 as defined in the SEDP monitoring and evaluation matrix include, for instance:</p> <ol style="list-style-type: none"> <li>1) Improved <b>health</b> care and protection through reduced infant mortality and population growth, higher vaccination rates, higher life expectancy and more health care staff per population.</li> <li>2) Improved <b>education</b> through higher literacy rates, better access to education services in rural areas, higher enrolment rates of children and better qualified teachers.</li> <li>3) Increased <b>poverty reduction</b> through increased incomes of the poor and better access to services especially for ethnic minorities.</li> <li>4) <b>Protected environment</b> through improved sustainable use of water, land and forests.” (PRSC7-9, FA, TAPs, p2)</li> </ol> <p>“A comprehensive system of indicators introduced alongside the adoption of the SEDP should facilitate the monitoring of progress towards attaining development outcomes. <b>The monitoring and evaluation framework of the SEDP</b>, adopted in May 2007, is broad in some areas, especially in relation to economic developments, and parsimonious in others, such as governance and accountability.” (PRSC7-9, FA, TAPs, p8)</p> <p>« The PRSC process has been evaluated in the recent independent evaluation (‘Mokoro’) study, commissioned by the World Bank and the OECD. The following lessons have been learned from the EC’s engagement in the PRSC process since PRSC 3.</p> <ul style="list-style-type: none"> <li>□ Vietnam is a mature, high-performing development partner that is not aid dependent. In this context, funds are less important than the leverage offered through policy dialogue.</li> <li>□ Donors can not buy reform in Vietnam. A development partnership with intensive outcome-oriented dialogue is a more appropriate approach to accelerating reform than blunt conditionalities.</li> <li>□ Overall progress was slower in policy areas characterised by limited political will, conflicting institutional responsibilities or insufficient analytical work.</li> <li>□ Annual PRSC operations within a multi-annual framework, combined with regular reviews provide both predictability and an incentive for reform.</li> <li>□ Retaining a Common Performance Assessment Framework is critical to advancing on Aid Effectiveness commitments through the Hanoi Core Statement (a localisation of the Paris Declaration).</li> <li>□ Harmonisation with unanimity works in Vietnam where it represents government’s political will and secured ownership.</li> <li>□ The EC will provide direct budget support instead of disbursing to a Trust Fund managed by the World Bank as before. » (PRSC7-9, AF p5)</li> </ul>
I-10.5.1	The Commission developed specific systems and sets of indicators to monitor and evaluate its support to PSD both at HQ and country level
I-10.5.2	The above mentioned monitor/evaluation systems were operational
I-10.5.3	The results of the monitoring and evaluations were disseminated and used to redirect strategies and programming
I-10.5.4	Stakeholders consider that monitoring and evaluation systems were useful to improve design and implementation of the PSD support
I-10.5.1	<p><b>VIETNAM:</b></p> <p>There are elements of monitoring/evaluation in the documents analyzed but not structured though.</p>

	<p><b>PRSC 3 to 9 - Vietnam (GBS)</b></p> <p><b>VPPSP – Vietnam:</b></p> <p><i>The indicators in the original logframe had a number of deficiencies. On the other hand, the three provinces where the project first started , developed their own logframes, which provided good guidance for provincial Overall Work Plans (OWPs) and Annual Work Plans (AWPs). Although not all indicators could be measured by the project, the quality was of a satisfactory level. (BCS-020441.03 – sheet1)</i></p> <p><i>Monitoring was insufficient in the first part of project implementation, but largely improved in the second part. However the monitoring remained basically output oriented. (BCS-020441.03 – sheet2)</i></p> <p><b>ETV2 – Vietnam:</b></p>
I-10.5.2	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<p><b>ETV2 – Vietnam</b></p> <p><i>“Significant results were achieved in each of the project components, if on varying scales. However, an exact assessment of the extent of the achievement of original objectives remains difficult because of the lack of properly defined pre-set indicators.” (FE p10)</i></p>
I-10.5.3	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
I-10.5.4	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
<b>JC 10.6</b>	<b><i>The Commission developed and used specific mechanisms to ensure capitalisation and sharing of its knowledge with respect to PSD</i></b>
<b>Findings at JC level</b>	<p><i>« The PRSC process has been evaluated in the recent independent evaluation (‘Mokoro’) study, commissioned by the World Bank and the OECD. The following lessons have been learned from the EC’s engagement in the PRSC process since PRSC 3.</i></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> <i>Vietnam is a mature, high-performing development partner that is not aid dependent. In this context, funds are less important than the leverage offered through policy dialogue.</i></li> <li><input type="checkbox"/> <i>Donors can not buy reform in Vietnam. A development partnership with intensive outcomeoriented dialogue is a more appropriate approach to accelerating reform than blunt conditionalities.</i></li> <li><input type="checkbox"/> <i>Overall progress was slower in policy areas characterised by limited political will, conflicting institutional responsibilities or insufficient analytical work.</i></li> <li><input type="checkbox"/> <i>Annual PRSC operations within a multi-annual framework, combined with regular reviews provide both predictability and an incentive for reform.</i></li> </ul>

	<p><input type="checkbox"/> Retaining a Common Performance Assessment Framework is critical to advancing on Aid Effectiveness commitments through the Hanoi Core Statement (a localisation of the Paris Declaration).</p> <p><input type="checkbox"/> Harmonisation with unanimity works in Vietnam where it represents government's political will and secured ownership.</p> <p><input type="checkbox"/> The EC will provide direct budget support instead of disbursing to a Trust Fund managed by the World Bank as before. » (PRSC7-9, AF p5)</p>
I-10.6.1	Description of existing mechanisms (networks, working groups, etc.) to ensure capitalisation of Commission knowledge on PSD both among Commission staff concerned with implementation of PSD support inside and outside the EU
I-10.6.2	Knowledge and involvement of staff concerned with PSD support in third countries with these mechanisms
I-10.6.3	Stakeholders expressed the view that these mechanisms are useful, with specific results generated and possible drawbacks
I-10.6.1	<p><b>VIETNAM:</b> EC staff stated that there were no specific capitalisation exercises taking place between EUDs on PSD-related issues, but also that such exercises would be welcome. <i>Source: MN570</i></p>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP – Vietnam:</b>
	<b>ETV2 - Vietnam</b>
I-10.6.2	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>
I-10.6.3	<b>VIETNAM</b>
	<b>PRSC 3 to 9 - Vietnam (GBS)</b>
	<b>VPPSP - Vietnam</b>
	<b>ETV2 - Vietnam</b>



No. 4: PRBS 3 - MDG CONTRACT 1 (FED/2008/020-949) - Zambia

<b>Millennium Development Goals Contract for Zambia (MDG-C) 2009-2014 (FED/2008/020-949)</b>		
<b>Intervention Type</b>	✓	General Budget Support
		Sector Budget Support
		Project-approach
<b>Start date &amp; End date</b>	<ul style="list-style-type: none"> <li>▪ <i>Start Date:</i> 05 March 2009</li> <li>▪ <i>End Date:</i> 05 March 2015 (based on the evaluation's inventory)</li> </ul>	
<b>Budget: committed, contracted, disbursed</b>	<ul style="list-style-type: none"> <li>▪ <i>Committed:</i> €255m</li> <li>▪ <i>Contracted:</i> €255m (based on the evaluation's inventory)</li> <li>▪ <i>Disbursed:</i> €96m (based on the evaluation's inventory)</li> </ul>	
<b>Beneficiary</b>	<ul style="list-style-type: none"> <li>▪ <i>Direct Beneficiary:</i> Republic of Zambia</li> <li>▪ <i>End beneficiaries :</i> Population of Zambia</li> </ul>	
<b>Country/Region</b>	Zambia	
<b>Intervention Description</b>	General Budget Support operation with the aim of supporting the implementation of the Zambian government's Fifth National Development Plan covering 2006-2010 and any successor plan thereafter.	
<b>Intervention Background &amp; History</b>	GBS in Zambia is provided through the PRBS Group, made up of GRZ and currently nine other donors. The PRBS Group is regulated by a MoU signed in April 2005. The MoU provides a framework for structured dialogue between GRZ and CPs, with currently two Joint Annual Reviews per year, and a common PAF. It is fully consistent with the principles set out in the Joint Assistance Strategy for Zambia.	
<b>Overall objectives</b>	Support the implementation of the Zambian government's Fifth National Development Plan (FNDP) covering 2006-2010, and any successor plan thereafter. The programme thereby seeks to contribute to the promotion of sustainable and broad-based growth and the reduction of poverty, so as to accelerate progress in attaining the MDGs.	
<b>Specific objectives</b>	Support macroeconomic stability whilst allowing for the scaling-up and enhanced efficiency and effectiveness of poverty focused public programmes implemented through the budget.	
<b>Expected results</b>	<ul style="list-style-type: none"> <li>▪ Improved public finance management ;</li> <li>▪ Enhanced service delivery in the social sectors ;</li> <li>▪ Promotion of structural reforms that enable job creation and pro-poor growth.</li> </ul> <p>The GBS contract also included the following PSD-specific indicators :</p> <ul style="list-style-type: none"> <li>▪ Number of days required to register and license a business</li> <li>▪ Number of days required to complete the documentation for (a) importing and (b) exporting products</li> <li>▪ Number of new full time jobs created by (a) MSMEs receiving additional support from CEEC fund, (b) MSME receiving other support and (c) total MSME</li> <li>▪ Labour productivity</li> </ul>	
<b>Main Activities</b>	The EC participates with other budget support cooperating partners in dialogue with the Government of the Republic of Zambia (GRZ) on the macroeconomic reform programme, the implementation of the FNDP (and the elaboration of its successor), and the Public Finance Management (PFM) reform programme. The EC continuously assesses eligibility for budget support and monitor progress towards the targets set out in the common Performance Assessment Framework (PAF), to allow smooth disbursement of annual tranches. Assessments and disbursements are made in line with the partnership arrangements and principles covered in the Poverty Reduction Budget Support Memorandum of Understanding (PRBS MoU) (covering predictability, harmonisation, alignment and coordination of budget support).	

## No. 5: Capacity Building for PSD - Zambia

Capacity Building for Private Sector Development (FED/2004/016-972)	
<b>Intervention Type</b>	General Budget Support
	Sector Budget Support
	✓ Project-approach
<b>Start date &amp; End date</b>	<ul style="list-style-type: none"> <li>▪ <i>Start Date:</i> 2005</li> <li>▪ <i>End Date:</i> 2010 (based on the evaluation's inventory)</li> </ul>
<b>Budget: committed, contracted, disbursed</b>	<ul style="list-style-type: none"> <li>▪ <i>Committed:</i> €15m</li> <li>▪ <i>Contracted:</i> €14m</li> <li>▪ <i>Disbursed:</i> €12m</li> </ul>
<b>Beneficiary</b>	<ul style="list-style-type: none"> <li>▪ <i>Direct Beneficiary:</i> the Republic of Zambia, represented by the National Authorising Officer</li> <li>▪ <i>End beneficiaries :</i> Ministry of Commerce, Trade, and Industry; Export Board of Zambia; Zambia Investment Centre; Zambia Bureau of Standards; Zambia Weights and Measures Authority; Zambia Competition Commission</li> </ul>
<b>Country/Region</b>	Zambia
<b>Intervention Description</b>	The intervention provides support for dialogue between the private sector and government, and improved services of the latter for the former in the areas of: trade, competition, investment, SME services and civil society participation.
<b>Intervention Background &amp; History</b>	Significant assistance has been provided in Zambia to businesses and producer associations via PSD programming under EDF 7 and 8. Evaluations have pointed towards a common weakness concerning the lack of trans-sectoral policy dialogue between government and the relevant stakeholders in the private sector. This project aims to improve that dialogue and thereby build an enabling environment for future private sector led growth.
<b>Overall objectives</b>	Provide an enabling environment for future private sector growth based on the development of a clear policy and regulatory environment and improved dialogue between the Government and private sector.
<b>Specific objectives</b>	Provision of improved government services for targeted segments of the private sector, with non-state actors provided with a platform to actively assess the benefits of an improved private sector environment.
<b>Expected results</b>	<ul style="list-style-type: none"> <li>▪ Performance and service delivery of the Ministry of Commerce, Trade and Industry is improved;</li> <li>▪ Performance and service delivery of the Statutory Bodies is improved;</li> <li>▪ Performance and service delivery of the private sector intermediary organisations is improved;</li> <li>▪ Contributions of civil society organisations, including trade unions, towards private sector development are improved.</li> </ul>
<b>Main Activities</b>	<ul style="list-style-type: none"> <li>▪ Capacity building programme within the Ministry of Commerce, Trade and Industry, covering: Policy / legal / regulatory framework; Services of the Department of Trade - SME service of the Department of Industries; Ministry dialogue with the private sector; Access to market information and research activities</li> <li>▪ Strategic planning and strategy implementation support for the following statutory bodies : Export Board of Zambia ; Zambia Investment Centre ; Zambia Bureau of Standards ; Zambia Competition Commission</li> <li>▪ Creation of a grant facility for private sector intermediary organisations working to strengthen public-private sector dialogue and research</li> <li>▪ Creation of a grant facility for civil society institutions supporting dialogue with and awareness of the private sector</li> </ul>

## Data Collection Grid – Zambia

<b>EQ 1</b>	<b>To what extent did the Commission's PSD strategy and programming take into account the recommendations of the 2005 evaluation and the evolution of the overall private sector environment?</b>
<b>Other relevant information (not captured elsewhere)</b>	
<b>JC 1.1</b>	<b><i>The Commission undertook efforts to make sure that the recommendations of the 2005 Evaluation were taken into account</i></b>
<b>Findings at JC level</b>	There is limited evidence to suggest that the recommendations of the 2005 evaluation were disseminated to those responsible for programming and design of interventions. Whilst the CSP for Zambia 2008-2013 does refer to the evaluation and its recommendations in brief, no other references to the evaluation have yet been found in the documentation. No reference to a specific dissemination plan or approach has been found either at this stage.
<b>I-1.1.1</b>	Existence of a plan or specific approach for the dissemination of the Recommendations to those responsible for programming and design of interventions
<b>I-1.1.2</b>	Evidence of dissemination of the recommendations to those responsible for programming and design of interventions
<b>I-1.1.3</b>	Commission staff were conversant with the 2005 Evaluation or with the recommendations made in this evaluation
<b>I-1.1.1</b>	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia:</b>
<b>I-1.1.2</b>	<b>ZAMBIA:</b> There is evidence of dissemination of the 2005 evaluation to those responsible for programming under EDF 9 in Zambia, with the CSP 2008-2013 making explicit reference to the evaluation: <i>« The 9th EDF project implementation started in 2006 (to 2009) and is focused on the meso level i.e. on the policies and regulatory framework in which the private sector operates, after considering recommendations from the evaluations of the previous 8th EDF project in this sector (including the multicountry evaluation, December 2005). »</i> <i>Source : EC, Zambia-European Community Country Strategy Paper and Indicative Programme for the period 2008-2013</i>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia:</b> The Capacity Building for PSD Zambia contract was signed in August 2005, and as such, no evidence of dissemination of the 2005 evaluation can be seen within the project documentation. <i>Source : EC, Financing Agreement, Capacity Building for Private Sector Development ZA/003/04 EDF IX</i>

I-1.1.3	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
<b>JC 1.2</b>	<b><i>Specific recommendations of the 2005 evaluation relating to the Commission's overall PSD Strategy have been taken into account</i></b>
<b>Findings at JC level</b>	<p>The recommendation regarding prioritising areas of highest EC comparative advantage was taken into account in the preparation of the 2008-2013 CSP for Zambia, which prioritised the meso and macro level “<i>after considering recommendations from the evaluations of the previous 8th EDF project in this sector (including the multicountry evaluation, December 2005)</i>”. Beyond this point, however, no further consideration of the evaluation’s recommendations has been found in the country or programming documentation to date.</p> <p><i>Source : EC, Zambia-European Community Country Strategy Paper and Indicative Programme for the period 2008-2013, p.24</i></p>
<b>I-1.2.1</b>	Evidence of greater clarity at programming level regarding the role of the Commission in PSD (particularly including the link between PSD, economic growth, the development objectives and poverty reduction)
<b>I-1.2.2</b>	Evidence of a process taking place to create a common vision of the Commission’s PSD between HQ and EUD levels
<b>I-1.2.3</b>	Commission programming has prioritised the areas of highest Commission comparative advantage as described by the 2005 evaluation recommendation RS-2
<b>I-1.2.1</b>	<p><b>ZAMBIA:</b> there is limited evidence of greater clarity re. the role of the Commission in PSD post the 2005 evaluation. No evidence is provided of a clearer message regarding the link between PSD and poverty reduction or other development objectives. However, and as noted in I-1.2.3 below, the 2008-2013 CSP notes that, in line with the recommendations of the 2005 evaluation, EDF 9 will focus on meso-level support to the private sector:</p> <p><i>« The 9th EDF project implementation started in 2006 (to 2009) and is focused on the meso level i.e. on the policies and regulatory framework in which the private sector operates, after considering recommendations from the evaluations of the previous 8th EDF project in this sector (including the multicountry evaluation, December 2005). »</i></p> <p><i>Source : EC, Zambia-European Community Country Strategy Paper and Indicative Programme for the period 2008-2013, p.24</i></p>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
<b>I-1.2.2</b>	<p><b>ZAMBIA:</b> there is no evidence in the Zambian CSPs of a process to create a common vision of private sector development between the HQ and EUD levels.</p> <p><i>Source : EC, Zambia-European Community Country Strategy Paper and Indicative Programme for the period 2008-2013; Zambia-European Community Country Strategy Paper and Indicative Programme for the period 2001-2007</i></p>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
<b>I-1.2.3</b>	<b>ZAMBIA:</b> There is evidence that the recommendations of the 2005 evaluation

	<p>were considered in the design of EDF 9 programming in Zambia, with the CSP 2008-2013 attributing EDF 9 focus on meso-level support to the private sector to the recommendations of the 2005 evaluation:</p> <p><i>« The 9th EDF project implementation started in 2006 (to 2009) and is focused on the meso level i.e. on the policies and regulatory framework in which the private sector operates, after considering recommendations from the evaluations of the previous 8th EDF project in this sector (including the multicountry evaluation, December 2005). »</i></p> <p><i>Source : EC, Zambia-European Community Country Strategy Paper and Indicative Programme for the period 2008-2013, p.24</i></p>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
<b>JC 1.3</b>	<b><i>The Commission is aware, through studies and exchanges with other sources of aid for PSD, of the evolution of the private sector environment</i></b>
<b>Findings at JC level</b>	
<b>I-1.3.1</b>	Existence of Commission documents evidencing awareness of the evolution of the private sector environment
<b>I-1.3.2</b>	Stakeholders report existence of dialogue with other sources of aid for PSD concerning the evolution of the private sector environment
<b>I-1.3.3</b>	Evidence exists that the private sector environment has been taken into account in the Commission's PSD strategies and programming at country/regional level
<b>I-1.3.1</b>	<p><b>ZAMBIA:</b> The CSPs clearly acknowledges the evolving private sector environment and the subsequent evolution of the government's strategy towards PSD:</p> <ul style="list-style-type: none"> <li>▪ The 2001-2007 CSP outlines the evolving context and absence of the government's strategy towards PSD: <ul style="list-style-type: none"> <li>- <i>“The private sector has undergone substantial change, during the transition from a socialist to a liberalised market economy. However, Government does not have a comprehensive private sector policy. Future investment in agriculture and tourism are forecast to be private sector driven. To promote such investments, the Government has planned considerable infrastructure improvements, especially of the road network. Small-scale mining (gemstone and industrial materials) and the development of hotels, lodges and national parks are seen as objectives for private sector investment.”</i></li> <li><i>Source : EC, Zambia-European Community Country Strategy Paper and Indicative Programme for the period 2001-2007, p.4</i></li> </ul> </li> <li>And moreover: <ul style="list-style-type: none"> <li>- <i>“The shift from the centrally planned economy in a one-party state to a private sector driven market economy in an multi-party democracy, involves profound cultural and attitude changes. To support this process, Government will have to restructure itself in accordance with the requirements of a modern democracy.”</i></li> <li><i>Source : EC, Zambia-European Community Country Strategy Paper and Indicative Programme for the period 2001-2007, p.16</i></li> </ul> </li> <li>▪ Whilst the 2008-2013 CSP covers the subsequent development of a PSD strategy on the part of the government : <ul style="list-style-type: none"> <li>- <i>« In 2004, the Government embarked on a Private Sector Development (PSD) Reform Programme with the aim of accelerating private-sector led economic growth. A</i></li> </ul> </li> </ul>

	<p><i>PSD Action Plan was developed, grouping actions under six main reform areas: Policy Environment and Institutions; Trade Expansion; Infrastructure; Citizens' Empowerment; Business Facilitation and Economic Diversification; and Laws and Regulation. The Plan sets out no fewer than 85 reform actions. »</i>  <i>Source : EC, Zambia-European Community Country Strategy Paper and Indicative Programme for the period 2008-2013, p.24</i></p> <ul style="list-style-type: none"> <li>▪ Finally, the CSP 2001-2007 makes specific reference to the evolution of the PSD environment in relation to the privatisation and structural reforms that took place in Zambia between 1991 and 2001 :             <ul style="list-style-type: none"> <li>- <i>“During the past decade, Zambia’s economy has been subject to far-reaching structural reforms. The privatisation of parastatals has meant a withdrawal of the Government from much of its earlier direct involvement in the business sector. It is generally acknowledged that the Zambian economy should be private sector driven, while the role of the Government will be to promote an adequate environment for the private sector to flourish.</i></li> <li><i>A landmark in the process of privatization was that of ZCCM in March 2000. In the liberalized and strengthened market economy environment, the revitalization of the mining sector is likely to have considerable positive effects on the whole Zambian economy in the medium and long term.</i></li> <li><i>However, there is still scope for further structural reforms through liberalization, privatization and deregulation. Measures to be implemented during 2001 are aimed at progress towards restoring investor confidence and removing major bottlenecks to growth. Among these are included measures addressing the weaknesses of the Zambian National Commercial Bank (ZANACO) and privatization of the Government’s majority controlling interest, completing the deregulation of petroleum prices and imports, and effectively privatizing the oil sector entities, strengthening information systems and expenditure control, and improving economic and financial governance. The next wave of candidates for privatization includes certain utility parastatals (e.g. ZESCO) and transport/communication companies (e.g. ZAMRAIL and ZAMTEL). The timing of the latter privatisations has not yet been decided but a continuation of the privatization process and respect for the principles of an open market economy based on private ownership, decentralized decision-making and competition on equal terms, are fundamental for continued EU support to Zambia.”</i></li> <li><i>Source : EC, Zambia-European Community Country Strategy Paper and Indicative Programme for the period 2001-2007, p.8</i></li> </ul> </li> </ul>
	<p><b>PRBS 3 Zambia (GBS)</b></p>
	<p><b>Capacity Building for PSD Zambia</b></p>
<p><b>I-1.3.2</b></p>	<p><b>ZAMBIA</b></p>
	<p><b>PRBS 3 Zambia (GBS)</b></p>
	<p><b>Capacity Building for PSD Zambia</b></p>
<p><b>I-1.3.3</b></p>	<p><b>ZAMBIA:</b> In addition to the points outlined in I-1.3.1 above, the CSPs for Zambia link the evolving needs for private sector development to the focal sectors for EC support:</p> <ul style="list-style-type: none"> <li>▪ <i>« During the on-going PRSP dialogue, it has been concluded that the private sector should become the prime actor of the economy and through growth generate employment and</i></li> </ul>

	<p><i>additional tax resources for the Government.</i></p> <p><i>Agriculture, Mining and Tourism have been selected in the I-PRSP as the sectors with the best potential for equitable growth and private investment.</i></p> <p><i>From discussions with the most important stakeholders (Government, civil society, Member States on the spot) it became apparent that EC assistance should focus on:</i></p> <ul style="list-style-type: none"> <li>- <i>assistance to Government to provide an improved environment for business activities.</i></li> <li>- <i>improvement of infrastructure, mainly the road system;</i></li> <li>- <i>provision of loans and capital, as required;</i></li> </ul> <p><i>It is proposed that these requirements be addressed in the following way:</i></p> <ul style="list-style-type: none"> <li>- <i>assistance to Government and private sector in an institutional development and capacity building programme.</i></li> <li>- <i>transport infrastructure to be foreseen under focal sector intervention;</i></li> <li>- <i>continuation of the loan facilities to be provided by the EIB; »</i></li> </ul> <p><i>Source : EC, Zambia-European Community Country Strategy Paper and Indicative Programme for the period 2001-2007, p.17</i></p> <p>■ The 2008-2013 CSP identifies transport infrastructure support and support for agricultural diversification as priority areas, but sets this in the context of the evolving needs of the private sector :</p> <ul style="list-style-type: none"> <li>- « <i>Improving internal-external transport conditions is key for promoting the expansion and competitiveness of private activities. Upgrading rural transport is indispensable not only for increased agriculture production and marketing, but also for accessible social services. Specific actions to promote agriculture diversification (food security and cash crops) and value added chains are essential to contribute to the intended rural growth. Increased support for these actions could be contemplated during the 10th EDF, according to progress in agriculture policy instruments, sector programming and budgeting. Other more horizontal actions to improve the environment for private initiatives, under the Private Sector Development (PSD) programme and in coordination with other cooperating partners (Netherlands, World Bank and USAID), will be supported under the 8-9th EDF existing funding and complemented, if necessary, with 10th EDF resources linked to EPA implementation. »</i></li> </ul> <p><i>Source : EC, Zambia-European Community Country Strategy Paper and Indicative Programme for the period 2008-2013, p.29</i></p>
	<p><b>PRBS 3 Zambia (GBS)</b></p> <p><b>Capacity Building for PSD Zambia:</b> programming documentation provides some evidence that the evolving private sector environment in Zambia has been considered at the programming level, e.g., in outlining the background to the programme, the Financial Agreement states that:</p> <p><i>« The policy of the Government of Zambia has since 1991 focused on economic growth through private sector development. Fundamental to this has been the privatisation of state owned enterprises, and the desire to attract increased foreign and local investment in a variety of sustainable economic activities. Overarching Government policy objectives for private sector development have most recently been established in the PRSP 2002- 2004 and the Transitory National Development Plan (TNDP) 2002-2005. The TNDP acknowledges in its introduction the role that the 'private' sector will play in revitalising the economy and the first macroeconomic objective listed is 'to raise the level of investments and strengthen the role of the private sector in the economy'. In the last decade, despite economic growth, overall performance of the private sector has not met expectations, and poverty has actually increased. There is a lack of consistent business environment in most sectors. Government is failing to provide efficient services,</i></p>

	<p><i>thereby hampering business development through failure to provide licensing and permits, effective enforcement of regulations, infrastructure and telecommunications, quality assurance, appropriate border controls, tender procedures awarding of contracts and reduction of red tape. Assurances of policies, incentives, regulations, tax levels, marketing or other conditions concerning Government intervention (or lack of intervention) can change without notice. »</i></p> <p><i>Source : EC, Financing Agreement, Capacity Building for Private Sector Development ZA/003/04 EDF IX, Section 1.</i></p>
<b>JC 1.4</b>	<b><i>Policy documents and surveys relating to PSD and the quality of aid have been taken into account by the Commission</i></b>
<b>Findings at JC level</b>	
<b>I-1.4.1</b>	Documents show that new policy recommendations have been taken into account
<b>I-1.4.2</b>	Stakeholders report existence of internal dialogue or other process(es) that take into account new policy recommendations regarding quality of PSD aid
<b>I-1.4.1</b>	<p><b>ZAMBIA:</b> The CSPs for the evaluation period make no references to recommendations of policy documents and surveys relating to PSD and the quality of aid (except the 2005 evaluation, see I-1.2.3 above).</p> <p><b>PRBS 3 Zambia (GBS)</b></p> <p><b>Capacity Building for PSD Zambia:</b></p> <p>There is evidence to suggest that policy recommendations arising from evaluations of EC PSD programming in Zambia have been considered during the design process of this project. The Financing Agreement, for example, notes that :</p> <p><i>« Under the 7th and 8th EDF the EC has provided significant assistance to businesses and producer associations under programmes such as the Private Sector Development Programme, the Mining Sector Development Programme; and the Export Development Programme. Substantial support has been directed towards micro-enterprises, small and medium scale business, and the informal sector. Various evaluations have suggested that these interventions have delivered the desired activities and results. However, the weak point has been the lack of sectoral or cross-sectoral policy dialogue between Government, the various projects and the relevant stakeholders in the private sector. Thus, although the projects have had success in terms of the impact on individual beneficiaries, there has been little impact on the sector. Lessons from success and failure have not been used optimally to create a better policy and enabling environment.</i></p> <p><i>This gap has been identified, and contributed to the development of this project, which seeks to tackle the underlying causes of the poor performance and lack of growth in the private sector. »</i></p> <p><i>Source : EC, Financing Agreement, Capacity Building for Private Sector Development ZA/003/04 EDF IX, Section 1.</i></p>
<b>I-1.4.2</b>	<p><b>ZAMBIA:</b> as per above, there is no evidence in the CSPs of any process taking into account new policy recommendations relating to the quality of PSD support.</p> <p><b>PRBS 3 Zambia (GBS)</b></p> <p><b>Capacity Building for PSD Zambia</b></p>



<b>EQ 2</b>	<b>To what extent was Commission support to PSD in partner countries part of a strategic approach geared to the overall objectives of EU External Policy, while aligning with the priorities of the country/region and maximizing its VA, including in terms of synergies with other actors and other types of Commission support?</b>
<b>Other relevant information (not captured elsewhere)</b>	
<b>JC 2.1</b>	<b><i>Commission geared PSD support towards overall EU external policy objectives</i></b>
<b>Findings at JC level</b>	
<b>I-2.1.1</b>	Relation between overall EU external policy objectives and Commission PSD support is explicitly identified in Commission policy documentation
<b>I-2.1.2</b>	Programming documentation explicitly relates PSD interventions to overall EU external policy objectives
<b>I-2.1.3</b>	Stakeholders consider that Commission PSD support has contributed to the achievement of overall EU external policy objectives
<b>I-2.1.1</b>	<p><b>ZAMBIA:</b> The CSPs for the evaluation period relate PSD support to economic diversification, employment creation and the generation of additional tax resources for the government, all of which impact upon the sustainable development of the country. But no explicit links to sustainable development, poverty reduction, or integration into the world economy are made in the CSPs:</p> <ul style="list-style-type: none"> <li>▪ The CSP 2008-2013 does not explicitly relate PSD support to overall EU external policy objectives. The primary justification for PSD support is that “Zambia remains vulnerable to external shocks: droughts, increase in international oil prices, reduction in international copper prices...that could perturb the expected growth. More attention should be devoted to improving the competitiveness of the economy, strengthening the investment climate and promoting diversification. The investment and business climate should be enhanced through implementation of the Private Sector Development (PSD) Programme and the Financial Sector Development Plan (FSDP).” No explicit link is provided between economic diversification on the one hand, and poverty reduction, sustainable development and integration into the global economy, on the other.</li> </ul> <p><i>Source : EC, Zambia-European Community Country Strategy Paper and Indicative Programme for the period 2001-2007, p.21</i></p> <ul style="list-style-type: none"> <li>▪ Nor does the CSP 2001-2007 explicitly relate PSD support to overall EU external policy objectives. The primary justification for PSD support is that “the private sector should become the prime actor of the economy and through growth generate employment and additional tax resources for the Government.” No explicit link is provided between employment generation and tax resources on the one hand, and poverty reduction, sustainable development and integration into the global economy, on the other.</li> </ul> <p><i>Source : EC, Zambia-European Community Country Strategy Paper and Indicative Programme for the period 2001-2007, p.17</i></p>

	<b>PRBS 3 Zambia (GBS):</b>
	<b>Capacity Building for PSD Zambia</b>
<b>I-2.1.2</b>	<p><b>ZAMBIA</b></p> <p><b>PRBS 3 Zambia (GBS):</b> Programming documentation explicitly relates the intervention to overall EU external policy objectives, claiming that:  <i>“The overall objective of the proposed MDG Contract programme (MDG-C) is to support the implementation of the Fifth National Development Plan (FNDP) covering 2006-2010, and any successor plan. The programme therefore seeks to contribute to the <b>promotion of sustainable and broad-based growth and the reduction of poverty</b>, so as to accelerate progress in attaining the MDGs.”</i></p> <p>However, it should be noted that this objective applies to the entire GBS contract, not specifically to the PSD elements. The Programme documentation does not explicitly link the PSD elements as such to the overall EU external policy objectives.</p> <p><i>Source : EC, Financing Agreement, Millenium Development Goals Contract for Zambia (MDG-C) (2009-2014), p.2.</i></p> <p><b>Capacity Building for PSD Zambia:</b> Programming documentation explicitly relates PSD interventions to overall EU external policy objectives:  <i>“The overall objective of the intervention is to contribute to poverty reduction through sustained economic growth. The achievement of this is the ultimate goal of the Government of Zambia and underpins the PRSP and TNDP. Effective future growth will require provision of an enabling environment, based on development of a clear policy and regulatory environment and improved dialogue between Government and private sector. »</i></p> <p><i>Source : EC, Financing Agreement, Capacity Building for Private Sector Development ZA/003/04 EDF IX, Section 2.</i></p>
<b>I-2.1.3</b>	<p><b>ZAMBIA</b></p> <p><b>PRBS 3 Zambia (GBS)</b></p> <p><b>Capacity Building for PSD Zambia</b></p>
<b>JC 2.2</b>	<b><i>The Commission applied explicit policies and guidelines to make sure that its support to PSD was part of a strategic approach</i></b>
<b>Findings at JC level</b>	
<b>I-2.2.1</b>	Existence of policy documents and guidelines that explicitly tackle the importance of a strategic (prioritised) approach towards PSD alongside the different dimensions mentioned
<b>I-2.2.2</b>	These policies and guidelines were utilised for the design of PSD strategies at country/ regional level and for the programming
<b>I-2.2.3</b>	Commission staff expressed the view that the guidance provided was appropriate
<b>I-2.2.1</b>	<p><b>ZAMBIA</b></p> <p><b>PRBS 3 Zambia (GBS)</b></p> <p><b>Capacity Building for PSD Zambia</b></p>
<b>I-2.2.2</b>	<b>ZAMBIA:</b> there is only one reference made in the CSPs to policy documents and

	<p>guidelines concerning the strategic approach towards PSD, which has no subsequent visible impact on the design of programming:</p> <ul style="list-style-type: none"> <li>▪ The 9th EDF project implementation started in 2006 (to 2009) and is focused on the meso level i.e. on the policies and regulatory framework in which the private sector operates, after considering recommendations from the evaluations of the previous 8th EDF project in this sector (including the multicountry evaluation, December 2005). The project is based in the Department of Domestic Trade within the MCTI and will provide support to the Department of Trade and Department of Industry in charge of Small and Medium-sized Enterprises. Support will also be provided to statutory bodies such as the Export Board of Zambia, Zambia Investment Centre, Zambia Bureau of Standards, and Zambia Competition Commission. Civil Society and Private Sector intermediary organisations will benefit through two specific grant facilities. <b>There is some disappointment that the new project does not provide any credit facilities under the new guidelines in this regard as laid down in COM(2003) 267.</b> Opportunities to obtain finance through other means, such as the Investment Facility and the various credit lines of the EIB, must be actively explored.</li> </ul> <p><i>Source : EC, Zambia-European Community Country Strategy Paper and Indicative Programme for the period 2008-2013, p.24</i></p>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
I-2.2.3	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
<b>JC 2.3</b>	<b><i>The PSD strategies and programming of the Commission took into account the national/regional priorities</i></b>
<b>Findings at JC level</b>	
<b>I-2.3.1</b>	The Commission conducted a policy dialogue with national authorities on PSD strategies
<b>I-2.3.2</b>	CSPs/RSPs clearly link the Commission PSD support to national/regional overall and PSD specific strategies and programming
<b>I-2.3.3</b>	Stakeholders consider that Commission support to PSD is aligned to the overall and sector specific national priorities
<b>I-2.3.1</b>	<p><b>ZAMBIA:</b> there is some evidence that a dialogue was conducted between the EC and the government of Zambia on PSD strategy:</p> <p><i>“During the on-going PRSP dialogue, it has been concluded that the private sector should become the prime actor of the economy and through growth generate employment and additional tax resources for the Government...from discussions with the most important stakeholders (Government, civil society, Member States on the spot) it became apparent that EC assistance should focus on:</i></p> <ul style="list-style-type: none"> <li>▪ <i>Assistance to Government to provide an improved environment for business activities.</i></li> <li>▪ <i>Improvement of infrastructure, mainly the road system</i></li> <li>▪ <i>Provision of loans and capital, as required;”</i></li> </ul>

	<p><i>Source : EC, Zambia-European Community Country Strategy Paper and Indicative Programme for the period 2001-2007, p.17</i></p> <p><b>PRBS 3 Zambia (GBS):</b> policy dialogue between the national authorities and the Commission was conducted via the donor coordination group for GBS contracts, yielding joint annual reviews, a common Performance Assessment Framework (PAF) and alignment with the Joint Assistance Strategy for Zambia:</p> <p>« <i>GBS in Zambia is provided through the PRBS Group, made up of the government of Zambia and currently nine contracting partners: Germany, Finland, Netherlands, Norway, Sweden, UK (DFID), African Development Bank, EC and World Bank. On the contracting partner side, the Chair rotates every two years. The PRBS Group is regulated by a MoU signed in April 2005. The MoU provides a framework for structured dialogue between government of Zambia and contracting partners, with currently two Joint Annual Reviews per year, and a common PAF. It is fully consistent with the principles set out in the Joint Assistance Strategy for Zambia, signed by 16 contracting partners in April 2007, and with the government of Zambia Aid Policy adopted in May 2007.</i> »</p> <p><i>Source : EC, Financing Agreement, Millenium Development Goals Contract for Zambia (MDG-C) (2009-2014), p.2.</i></p>
	<p><b>Capacity Building for PSD Zambia</b></p>
I-2.3.2	<p><b>ZAMBIA:</b> the CSPs clearly link the PSD strategy to the national poverty reduction and growth strategies. For example, in discussing EC support to Zambia over the period 2001-2008, the CSP 2008-2013 explains the link between the government's PSD strategy and the EC's capacity building intervention in the country during that period:</p> <p>« <i>In 2004, the Government embarked on a Private Sector Development (PSD) Reform Programme with the aim of accelerating private-sector-led economic growth. A PSD Action Plan was developed, grouping actions under six main reform areas: Policy Environment and Institutions; Trade Expansion; Infrastructure; Citizens' Empowerment; Business Facilitation and Economic Diversification; and Laws and Regulation. The Plan sets out no fewer than 85 reform actions. In December 2005, a MoU was signed between the Government and donors supporting this programme. The cost of implementing the reforms amounts to USD 20million for the period 2006-2011. Some donors (Sweden, Finland, DFID and the Netherlands) will pool their funds using a joint financing mechanism, while others will channel their support for capacitybuilding and technical assistance to Ministries, private sector organisations and public-private partnerships through the traditional project approach. The latter includes the EC through its 9th EDF Capacity Building for Private Sector Development project under the Ministry of Commerce, Trade, and Industry (MCTI).</i> »</p> <p><i>Source : EC, Zambia-European Community Country Strategy Paper and Indicative Programme for the period 2008-2013, p.24</i></p>
	<p><b>PRBS 3 Zambia (GBS)</b></p>
	<p><b>Capacity Building for PSD Zambia</b></p>
I-2.3.3	<p><b>ZAMBIA</b></p>
	<p><b>PRBS 3 Zambia (GBS)</b></p>
	<p><b>Capacity Building for PSD Zambia</b></p>

<b>JC 2.4</b>	<b><i>The potential VA of the Commission geared its decisions on the nature of the support it would provide</i></b>
<b>Findings at JC level</b>	
<b>I-2.4.1</b>	Types of potential VA the Commission considered it could offer when providing support to PSD (as attested for instance by overall documents on the Commission's PSD strategy)
<b>I-2.4.2</b>	Overall approach of the Commission to ensure that its PSD support would be geared, among other things, by its potential VA
<b>I-2.4.3</b>	References in strategy documents at country/ regional level to the potential VA of the Commission when providing support to PSD
<b>I-2.4.4</b>	Stakeholders consider that the Commission's country and regional strategies took into account the Commission's potential VA and are able to identify such VA
<b>I-2.4.1</b>	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
<b>I-2.4.2</b>	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
<b>I-2.4.3</b>	<p><b>ZAMBIA:</b> the added value of the EC in the area of private sector development in particular was not visibly considered in the CSPs for Zambia. Nevertheless, the EC's added-value was taken as a factor in designing EC support to Zambia as a whole. This support included PSD support:</p> <p>« <i>The basic criteria considered for the selection of the sectors/ areas and support modalities to be proposed under the 10th EDF CSP-NIP are as follows:</i></p> <p><i>1 The main objectives and priorities assumed by the FNDP 2006-2010: broader growth through agricultural production, marketing and processing, human development in relation to the MDG targets, provision of adequate infrastructures for economic activities and social needs;</i></p> <p><i>2 The FNDP 2006-2010 available estimates of needs/ expenditure, projected internal/ external resources and derived financial gaps, for the different sectors included in that national development strategy and plan;</i></p> <p><i>3 The comparative advantage of the EC, as defined in the new EU development policy (European Consensus) and previous experiences in EC-Zambia cooperation;</i></p> <p><i>4 The division of labour between cooperating partners in supporting the FNDP 2006-2010, according to the agreements under the JASZ process;</i></p> <p><i>5 The aid implementing methods recommended by both the EU development policy and the FNDP. »</i></p> <p><i>Source : EC, Zambia-European Community Country Strategy Paper and Indicative Programme for the period 2008-2013, p.24, emphasis added.</i></p>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>

I-2.4.4	ZAMBIA
	PRBS 3 Zambia (GBS)
	Capacity Building for PSD Zambia
JC 2.5	<i>The potential synergies of the Commission with other actors and other types of Commission support geared its decisions on the nature of the support it would provide.</i>
Findings at JC level	
I-2.5.1	Commission documents that lay down the overall (not country specific) PSD strategy of the Commission require that the Commission PSD strategies and interventions are chosen on the basis of, among other things, synergies with support provided by other actors or other types of Commission support
I-2.5.2	CSPs/RSPs and programming documents highlight synergies with support provided by other actors or other types of Commission support
I-2.5.3	Stakeholders consider that synergies with support provided by other actors or other types of Commission support been a key criterion for deciding on the nature of the support to be provided
I-2.5.1	ZAMBIA
	PRBS 3 Zambia (GBS)
	Capacity Building for PSD Zambia
I-2.5.2	<p><b>ZAMBIA:</b> some brief references to synergies with EIB and Member State activities in Zambia are made in the CSPs, but beyond these, the CSPs are restricted to outlining the activities of other actors without highlighting synergies.</p> <p>For example, the 2001-2007 CSP highlights synergies with EIB PSD support, e.g.:</p> <ul style="list-style-type: none"> <li>“<i>The contribution of the EIB to the development finance co-operation with Zambia will be the provision of long-term assistance to promote private sector growth and in helping to mobilise domestic and foreign capital for this purpose. <b>In this respect, the EIB support will be complementary and instrumental for the implementation of the second core area of focal sector 2 (institutional development and capacity building).</b> The support will be risk capital from the Investment Facility or loans from EIB’s own resources”.</i></li> </ul> <p><i>Source : EC, Zambia-European Community Country Strategy Paper and Indicative Programme for the period 2001-2007, p.20, emphasis added.</i></p> <p>The CSPs also highlight synergies with other Member States in Zambia, e.g. :</p> <ul style="list-style-type: none"> <li>“<i>The selected focal sectors complement Member States’ co-operation programmes. Thus, the proposed interventions in the transport sector will be consistent with, and supportive to, the German and Danish programmes. They are also well in line with the road construction programmes financed by World Bank, African Development Bank, Norway and Japan. The latter four institutions/countries are the leading non-EU donors in the transport area. The assistance from the Commission to the area of institutional development and capacity building will be complementary to the bi-lateral support from the most important EU providers of such support; i.e. the UK, Sweden, Denmark, Germany, Ireland and Finland. It will also fit well into the support from World Bank, UNDP, Norway and USA – the</i></li> </ul>

	<p><i>four leading non-EU donors in this area. In addition to the Commission, only the UK and the Netherlands provide balance of payment/budgetary support among the EU Member States, while IMF, World bank and Japan are leading among non-EU donors. The Commission's focus on budgetary support managed through the creation of counterpart funds is, however, not practiced by any other donor."</i></p> <p><i>Source : EC, Zambia-European Community Country Strategy Paper and Indicative Programme for the period 2001-2007, p.23.</i></p> <p>But beyond these references, the CSPs do not discuss synergies with other actors directly, despite describing the activities of several actors in Zambia in brief, including : the EIB, the Water and Energy Facilities, the Sugar reform for ACP countries and the Centre for Development of Enterprise.</p> <p><i>Source : EC, Zambia-European Community Country Strategy Paper and Indicative Programme for the period 2008-2013, pp.26-27.</i></p> <p><b>PRBS 3 Zambia (GBS)</b></p> <p><b>Capacity Building for PSD Zambia:</b> the Financing Agreement claims that <i>"other regional EU-initiatives in Private Sector Development, as well as other donor funded programmes have been taken into account when developing this support."</i> Beyond this statement, no synergies with other programmes or actors are highlighted in the programme documentation.</p> <p>Nevertheless, the Financing Agreement does highlight the following PSD activities of other donors in Zambia:</p> <p><i>« Linkage with other operations</i></p> <p><i>Donors involved in private sector development include USAID, whose ZAMTIE project will finish end of 2004, but with further interventions planned in future. Further programmes in the services sector related to WTO are planned by DFID. ILO runs a Business Development Services Programme for SMEs, funded by SIDA. SIDA, DFID and Netherlands are also supporting the Business Forum. Limited support for the private sector is also planned by the World Bank, which in the course of 2004 has been financing the development of the "PSD Reform Programme" in Zambia. The 9th EDF project complements these activities and will be critical to the development of an improved policy environment, as most of the donors are focusing on provision of services to the private sector. There is currently an informal coordination mechanism between donors involved in private sector development with meetings taking- place (approximately) monthly. However, there is a need to improve coordination as there is little discussion of policy, and more of individual projects. MCTI is determined to become a driving force in coordinating the sector. »</i></p> <p><i>Source : EC, Financing Agreement, Capacity Building for Private Sector Development ZA/003/04 EDF IX, Sections 1, 2.</i></p>
<p><b>I-2.5.3</b></p>	<p><b>ZAMBIA</b></p> <p><b>PRBS 3 Zambia (GBS)</b></p> <p><b>Capacity Building for PSD Zambia</b></p>

<b>JC 2.6</b>	<b><i>The Commission's PSD strategies and programming were clearly prioritised and part of a wider Commission strategy in the country/region</i></b>
<b>Findings at JC level</b>	
<b>I-2.6.1</b>	Commission strategy/programming documents explain how the Commission's PSD strategy fits into the wider Commission's country/regional strategies and priorities
<b>I-2.6.2</b>	Commission strategy/programming documents explain how the Commission's have been prioritised with regard to the PSD needs of the country
<b>I-2.6.3</b>	Stakeholders consider that the Commission's PSD support was part of a wider prioritised approach of the Commission in the country/region as well as prioritised with respect to PSD need of the country
<b>I-2.6.4</b>	A methodological procedure has been adopted for selecting areas of intervention per country, as per the 2005 Evaluation Recommendation RI-1, including: an assessment of priority needs; selection of interventions with Commission comparative advantage; and an assessment of whether pre-conditions of intervention are met
<b>I-2.6.1</b>	<p><b>ZAMBIA:</b> the CSPs outline the following relation between the country's private sector development plan and Commission support:</p> <ul style="list-style-type: none"> <li>▪ In 2004, the Government embarked on a Private Sector Development (PSD) Reform Programme with the aim of accelerating private-sector-led economic growth. A PSD Action Plan was developed, grouping actions under six main reform areas: Policy Environment and Institutions; Trade Expansion; Infrastructure; Citizens' Empowerment; Business Facilitation and Economic Diversification; and Laws and Regulation. The Plan sets out no fewer than 85 reform actions. In December 2005, a MoU was signed between the Government and donors supporting this programme. The cost of implementing the reforms amounts to USD 20million for the period 2006-2011. Some donors (Sweden, Finland, DFID and the Netherlands) will pool their funds using a joint financing mechanism, while others will channel their support for capacity building and technical assistance to Ministries, private sector organisations and public-private partnerships through the traditional project approach. The latter includes the EC through its 9th EDF Capacity Building for Private Sector Development project under the Ministry of Commerce, Trade, and Industry (MCTI). <p><i>Source : EC, Zambia-European Community Country Strategy Paper and Indicative Programme for the period 2008-2013, pp.24.</i></p> <p><b>PRBS 3 Zambia (GBS):</b> Alignment with the Joint Assistance Strategy for Zambia and the Government of Zambia's Aid Policy, was pursued via the GBS donor coordination group (PRBS Group), as mentioned under 2.3.1 above:</p> <p><i>« GBS in Zambia is provided through the PRBS Group, made up of the government of Zambia and currently nine contracting partners: Germany, Finland, Netherlands, Norway, Sweden, UK (DFID), African Development Bank, EC and World Bank. On the contracting partner side, the Chair rotates every two years. The PRBS Group is regulated by a MoU signed in April 2005. The MoU provides a framework for structured dialogue between government of Zambia and contracting partners, with currently two Joint Annual Reviews per year, and a common performance assessment framework. It is fully consistent with the principles set out in the Joint</i></p> </li></ul>



	<p><i>Assistance Strategy for Zambia, signed by 16 contracting partners in April 2007, and with the government of Zambia Aid Policy adopted in May 2007. »</i></p> <p><i>Source : EC, Financing Agreement, Millenium Development Goals Contract for Zambia (MDG-C) (2009-2014), p.2.</i></p>
	<b>Capacity Building for PSD Zambia</b>
<b>I-2.6.2</b>	<p><b>ZAMBIA:</b> the CSPs justify the prioritisation of EC PSD support on the basis of the recommendations of previous evaluations:</p> <ul style="list-style-type: none"> <li>▪ The 9th EDF project implementation started in 2006 (to 2009) and is focused on the meso level i.e. on the policies and regulatory framework in which the private sector operates, after considering recommendations from the evaluations of the previous 8th EDF project in this sector (including the multicountry evaluation, December 2005). The project is based in the Department of Domestic Trade within the MCTI and will provide support to the Department of Trade and Department of Industry in charge of Small and Medium-sized Enterprises. Support will also be provided to statutory bodies such as the Export Board of Zambia, Zambia Investment Centre, Zambia Bureau of Standards, and Zambia Competition Commission. Civil Society and Private Sector intermediary organisations will benefit through two specific grant facilities. There is some disappointment that the new project does not provide any credit facilities under the new guidelines in this regard as laid down in COM(2003) 267. Opportunities to obtain finance through other means, such as the Investment Facility and the various credit lines of the EIB, must be actively explored. <p><i>Source : EC, Zambia-European Community Country Strategy Paper and Indicative Programme for the period 2008-2013, p.24</i></p> </li></ul>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
<b>I-2.6.3</b>	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
<b>I-2.6.4</b>	<p><b>ZAMBIA:</b> whilst the CSPs do not present a methodological procedure for the selection of PSD-specific interventions, they do present such a process for the selection of EC interventions in the country, many of which include PSD elements:</p> <p><i>« The basic criteria considered for the selection of the sectors/ areas and support modalities to be proposed under the 10th EDF CSP-NIP are as follows:</i></p> <ol style="list-style-type: none"> <li><i>1 The main objectives and priorities assumed by the FNDP 2006-2010: broader growth through agricultural production, marketing and processing, human development in relation to the MDG targets, provision of adequate infrastructures for economic activities and social needs;</i></li> <li><i>2 The FNDP 2006-2010 available estimates of needs/ expenditure, projected internal/ external resources and derived financial gaps, for the different sectors included in that national development strategy and plan;</i></li> <li><i>3 The comparative advantage of the EC, as defined in the new EU development policy (European Consensus) and previous experiences in EC-Zambia cooperation;</i></li> <li><i>4 The division of labour between cooperating partners in supporting the FNDP 2006-2010,</i></li> </ol>

	<p>according to the agreements under the JASZ process;</p> <p>5 The aid implementing methods recommended by both the EU development policy and the FNDP. »</p> <p>Source : EC, Zambia-European Community Country Strategy Paper and Indicative Programme for the period 2008-2013, p.24.</p>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
<b>JC 2.7</b>	<b>The Commission designed its PSD support so as to promote gender equality, good governance, and combat environmental degradation and HIV</b>
<b>Findings at JC level</b>	
<b>I-2.7.1</b>	Commission strategy/programming documents explain how the Commission's PSD strategy and specific intervention will contribute to the above mentioned crosscutting issues
<b>I-2.7.2</b>	Stakeholders consider that when designing its support, the Commission took into account the above mentioned cross-cutting issues
<b>I-2.7.1</b>	<p><b>ZAMBIA:</b> no discussion of the impact of the Commission's PSD interventions on the above-mentioned cross-cutting issues is given in the CSPs.</p> <p><b>PRBS 3 Zambia (GBS)</b></p> <p><b>Capacity Building for PSD Zambia:</b> the Financing Agreement provides the following explanation of how the project will contribute to the above mentioned cross-cutting issues:</p> <p><i>“Overall, the project contributes to the achievement of cross-cutting objectives as follows:</i></p> <p><i>Good Governance: Consideration of small-scale and new businesses and of equity are promoted throughout the activities and highlighted through the financing facility for civil society. Improved dialogue between the private and public sector contributes to the development of good governance, as performance of Government becomes more accountable.</i></p> <p><i>Environment: An improved regulatory framework will promote environmental issues. Improved trade negotiations will enhance markets for which Zambia has a sustainable competitive advantage. An improved business environment will promote tourism. These improvements will reduce exploitation, illegal utilisation and missed opportunities for adding value to natural products, and benefit the conservation and sustainable utilisation of Zambia's environment. Improvements in regulatory enforcement will assist in reducing uncontrolled industrial development.</i></p> <p><i>Gender: Improved services for the private sector will provide services to businesses of all sizes owned by women. Key areas of interest for women are access to land, employment and small business development. At the level of micro and- small scale businesses, gender issues are often highlighted in terms of access to credit and business opportunities. Special interest groups exist: Zambia Women in Agriculture, Zambia Women in Mining, Women's Finance Trust. These intermediary organisations could play a strong two way role, dialoguing with GRZ and training members. Gender issues will be closely monitored throughout the project, and intermediary organisations will be encouraged to apply for the Private Sector Facility.</i></p> <p><i>HIV/AIDS: Support for collaborative activities with MCTI to ensure adequate consideration of cross-cutting issues such as HIV / AIDS will be emphasised throughout project implementation.</i></p>

	<p><i>Issues concerning HIV / AIDS in the workplace are usually not addressed, with little advice available for employers. Capacity building, support and organisational development advice could be provided to private sector intermediary organisations and civil society organisations addressing these issues.”</i></p> <p><i>Source : EC, Financing Agreement, Capacity Building for Private Sector Development ZA/003/04 EDF IX, Section 2.</i></p>
<b>I-2.7.2</b>	<p><b>ZAMBIA</b></p> <p><b>PRBS 3 Zambia (GBS)</b></p> <p><b>Capacity Building for PSD Zambia</b></p>
<b>JC 2.8</b>	<p><b><i>The Commission PSD activities have contributed to the decent work agenda and/or the improvement of core labour standards and rights of the worker</i></b></p>
<b>Findings at JC level</b>	
<b>I-2.8.1</b>	<p>EC macro-economic and policy interventions targeted the decent work agenda and/or improvement of core labour standards and social governance in beneficiary countries during the evaluation period</p>
<b>I-2.8.2</b>	<p>Regulations passed on core labour standards and/or social governance in beneficiary countries during the evaluation period</p>
<b>I-2.8.1</b>	<p><b>ZAMBIA:</b> the CSPs give no evidence of a targeting of the decent work agenda or core labour standards and social governance during the evaluation period.</p> <p><b>PRBS 3 Zambia (GBS)</b></p> <p><b>Capacity Building for PSD Zambia</b></p>
<b>I-2.8.2</b>	<p><b>ZAMBIA:</b> The CSP 2008-2013 outlines the status of labour law in Zambia at the time of writing, with particular reference to ILO norms and standards:</p> <p><i>“Zambia has ratified forty-one ILO Conventions, including the seven core ILO Conventions (see Annex 7). The “Industrial and Labour Relations Act” provides for the right to join a trade union and perform union-related activities, and protection from dismissal due to participation in trade union activities, and the “Minimum Wages and Conditions of Employment Act” lays down minimum wages for different categories of workers, establishes that the normal weekly hours of work for any employee shall not exceed forty-eight hours and provides for overtime, annual leave, paid sick leave, maternity leave, retirement benefits, early retirement, medical discharge, redundancy benefits, repatriation benefits, funeral assistance, and lunch allowance. This Act applies to all employees except those of the Government, those engaged in domestic service, those of district councils, and those in occupations where wages and conditions of employment are regulated through the process of collective bargaining.</i></p> <p><i>As per the terms of Convention 182, the Government has identified a list of occupations considered as the worst forms of child labour. The laws against child labour in Zambia are spread across various parts of the Constitution. The Constitution also prohibits trafficking of children under 15 years old and the Penal Code prohibits the trafficking of girls and women for sexual purposes.</i></p> <p><i>The Employment of Women, Young Persons and Children Act (Chapter 505 of the Laws of Zambia) is the most explicit legal act about working children. This Act makes it an offence for any person under the age of 14 to be employed in any industrial concern except where all employees in the enterprise are members of the same family. The Act also seeks to prevent the</i></p>

	<p><i>exposure of children to harsh working conditions.</i></p> <p><i>Under the Act, violators of the law can be fined and/or imprisoned for up to three months. The Ministry of Labour and Social Security, which is responsible for enforcing labour laws, established a Child Labour Unit to specifically address issues relating to child labour. Nevertheless, according to the Government of Zambia, there are some 595,000 child workers in Zambia. Of these, 58% are 14 or younger and, thus, ineligible for any form of employment under the Employment of Young Persons Act. The vast majority (about 90%) of working children are employed in agricultural occupations, most of them in rural areas. Occupations relating to trading account for most of the employment in urban areas. Street vending or hawking is predominantly an urban phenomenon.”</i></p> <p><i>Source : EC, Zambia-European Community Country Strategy Paper and Indicative Programme for the period 2008-2013, p.17.</i></p>
	<p><b>PRBS 3 Zambia (GBS)</b></p>
	<p><b>Capacity Building for PSD Zambia</b></p>

<b>EQ 3</b>	<b>To what extent did the set of Commission funding vehicles and aid modalities for supporting PSD strategies and activities of partner countries and regions result in the provision of timely responses at a reasonable cost to the challenges faced by the private sector in third countries, while fostering synergies among each other and with vehicles offered by other actors?</b>
<b>Other relevant information (not captured elsewhere)</b>	
<i>JC 3.1</i>	<i>The set of funding vehicles or aid modalities developed by the Commission at general level to support partner country PSD strategies and activities aimed at covering the range of challenges faced by the private sector in third countries, while bearing in mind efficiency and synergies</i>
<b>Findings at JC level</b>	
<b>I-3.1.1</b>	Documents outlining the rationale of each modality/ instrument with respect to PSD identify the specific challenges to which it should respond
<b>I-3.1.2</b>	Commission documents explain how the <u>set</u> of instruments/modalities covers the needs of the private sector in a comprehensive manner, while fostering efficiency and synergies
<b>I-3.1.3</b>	Stakeholders consider that the Commission's set of instruments was designed with a view to tackle challenges while fostering efficiency and synergies
<b>I-3.1.1</b>	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
<b>I-3.1.2</b>	<b>ZAMBIA:</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
<b>I-3.1.3</b>	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
<i>JC 3.2</i>	<i>When designing its support for partner country PSD strategies and activities in specific countries or regions, the Commission's choice of funding vehicles or aid modalities was geared towards the specificity of challenges, the expected efficiency and the potential synergies with other vehicles or modalities</i>
<b>Findings at JC level</b>	
<b>I-3.2.1</b>	Justification of the choice of instruments in strategy and programming documents at country/regional level

I-3.2.2	Justification of the choice provided by Commission representatives
I-3.2.1	<p><b>ZAMBIA:</b> the CSPs do not provide an explicit discussion of the rationale and coverage of its aid architecture vis-a-vis centralised operations versus geographical budget lines, nor the rationale of its aid modalities vis-a-vis budget support versus project support etc.</p> <p><i>Source : EC, Zambia-European Community Country Strategy Paper and Indicative Programme for the period 2008-2013, p.17.</i></p>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
I-3.2.2	<p><b>ZAMBIA</b></p> <p><b>PRBS 3 Zambia (GBS)</b></p> <p><b>Capacity Building for PSD Zambia</b></p>
JC 3.3	<i>The level at which the Commission intervened (national, regional, supra-regional) was appropriate to meet the specific challenges in terms of PSD</i>
Findings at JC level	
I-3.3.1	Strategy and programming documents show evidence that the intervention level was selected on the basis of a consideration of the challenges being addressed.
I-3.3.2	Stakeholders consider that the selection of intervention levels made by the Commission across the board of its PSD interventions, has been appropriate to the challenges being addressed
I-3.3.3	Stakeholders consider that the selection of intervention levels made by the Commission has enabled synergies and cross-fertilisation to develop between countries and regions.
I-3.3.1	<p><b>ZAMBIA:</b> whilst the CSPs do not explicitly state that the intervention level was selected on the basis of consideration of the challenges being addressed, it is true that the proposed intervention level (national) fits the level of the challenges outlined in the CSPs (also national):</p> <p><i>“During the on-going PRSP dialogue, it has been concluded that the private sector should become the prime actor of the economy and through growth generate employment and additional tax resources for the Government.</i></p> <p><i>Agriculture, Mining and Tourism have been selected in the I-PRSP as the sectors with the best potential for equitable growth and private investment.</i></p> <p><i>From discussions with the most important stakeholders (Government, civil society, Member States on the spot) it became apparent that EC assistance should focus on:</i></p> <ul style="list-style-type: none"> <li>▪ <i>assistance to Government to provide an improved environment for business activities.</i></li> <li>▪ <i>improvement of infrastructure, mainly the road system;</i></li> <li>▪ <i>provision of loans and capital, as required;</i></li> </ul> <p><i>It is proposed that these requirements be addressed in the following way:</i></p> <ul style="list-style-type: none"> <li>▪ <i>assistance to Government and private sector in an institutional development and capacity building programme.</i></li> </ul>

	<ul style="list-style-type: none"> <li>▪ <i>transport infrastructure to be foreseen under focal sector intervention;</i></li> <li>▪ <i>continuation of the loan facilities to be provided by the EIB”</i></li> </ul> <p><i>Source : EC, Zambia-European Community Country Strategy Paper and Indicative Programme for the period 2001-2007, p.17.</i></p>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
<b>I-3.3.2</b>	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
<b>I-3.3.3</b>	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
<b>JC 3.4</b>	<b><i>The implementation showed that funding vehicles or aid modalities were appropriate to tackle challenges and to do so efficiently and in synergy with other vehicles</i></b>
<b>Findings at JC level</b>	
<b>I-3.4.1</b>	Evidence provided in reports on the support concerning the appropriateness of instruments/modalities, their efficiency and synergies with other instruments/modalities
<b>I-3.4.2</b>	Stakeholders consider that instruments (specific instruments and/or the set of instruments) were appropriate and enhanced efficiency and synergies
<b>I-3.4.1</b>	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
<b>I-3.4.2</b>	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
<b>JC 3.5</b>	<b><i>Projects were implemented in line with planning, both in terms of timeliness and costs</i></b>
<b>Findings at JC level</b>	
<b>I-3.5.1</b>	Stakeholders consider that timing and planning do fit requirements of private sector actors
<b>I-3.5.2</b>	Evidence provided in reports on the extent to which planned timing and costs were respected
<b>I-3.5.3</b>	Views of stakeholders on the extent to which planned timing and costs were respected

I-3.5.4	Factors having enhanced or hampered the respect of planning in terms of time and costs as displayed in reports and invoked by stakeholders
I-3.5.1	ZAMBIA
	PRBS 3 Zambia (GBS)
	Capacity Building for PSD Zambia
I-3.5.2	ZAMBIA
	PRBS 3 Zambia (GBS)
	<p><b>Capacity Building for PSD Zambia:</b> a rider to the contract was made during implementation, which extended the operational phase by a total of 12 months and made internal budget readjustments (i.e. reallocations of funds within the overall budget, which did not affect the total budget). The reasons for these changes are described below:</p> <p><i>“The Financing Agreement was signed in August 2005 but the start-up Programme Estimate was not signed until June 2006. This long delay in starting the project was primarily due to a very prolonged contracting procedure for the Long Term Technical Assistance in charge of the Programme Management. The process included the cancellation of the Call for Tenders to enter into direct negotiations. These negotiations were completed in August 2006 with the signature of the service contract.</i></p> <ul style="list-style-type: none"> <li>▪ <i>Low disbursement level of the grant facilities created to strengthen the capacity of private sector intermediary associations and to enhance civil society participation in the development of an enabling environment for private sector. The good quality proposals received in the framework of the respective Calls for Proposals do not allow the entire use of the funds. If considered relevant, additional support to private sector intermediary associations for the same original purpose could be provided in the future under the direct labor component of the Programme Estimates.</i></li> <li>▪ <i>The costs for the equipment to be provided to the Zambia Bureau of Standards and Zambia Weights and Measures Authority were underestimated. The same applies to the rehabilitation of laboratories. Even the lowest tenders received exceed by far the foreseen budget.</i></li> <li>▪ <i>The creation of the Zambia Development Agency (ZOA) by merging some of the statutory bodies was already foreseen in the Financing Agreement. Nevertheless the necessary support to make the new structure operational was also underestimated. Further assistance through capacity building and technical assistance under the Programme Estimates is needed to provide ZOA with the tools to really enhance its efficiency and effectiveness. This included the reallocation of the planned budget for Short term Technical Assistance.”</i></li> </ul> <p><i>Source : EC, Financing Agreement, Rider No.1, Capacity Building for Private Sector Development ZA/003/04 EDF IX.</i></p>
I-3.5.3	ZAMBIA
	PRBS 3 Zambia (GBS)
	Capacity Building for PSD Zambia
I-3.5.4	ZAMBIA
	PRBS 3 Zambia (GBS)
	Capacity Building for PSD Zambia



EQ 4	To what extent did the Commission contribute to make the institutional and regulatory framework more conducive to PSD?
Other relevant information (not captured elsewhere)	
<i>JC 4.1</i>	<i>The Commission support was geared to tackling the main institutional and regulatory obstacles to PSD</i>
Findings at JC level	
I-4.1.1	Identification of the main obstacles to PSD in terms of macro-economic environment and institutional and regulatory framework in the country/region in official documents /studies (national strategies or other documents/studies), including both the domestic environment and obstacles to the integration in regional and world economies
I-4.1.2	Commission strategy and programming documents refer to the obstacles mentioned in I-4.1.1 and gear the support to the removal of these obstacles (or justify alternative approaches)
I-4.1.3	The private sector was consulted for determining the priorities for helping remove the main institutional and regulatory obstacles to PSD
I-4.1.4	Stakeholders, and in particular the private sector, consider that Commission support was geared towards priorities for helping remove the main institutional and regulatory obstacles to PSD
I-4.1.5	Number of technical and economic analyses/fora covering major strengths and weaknesses of the private sector in third countries conducted with Commission support or, in the case of pre-existing studies and fora, utilised by the Commission in developing PSD activities targeting regulatory and institutional frameworks.
I-4.1.1	<p><b>ZAMBIA:</b> the CSPs make several references to the weak economic governance in Zambia at the start of the 21<sup>st</sup> Century. The impact of this problem on PSD is acknowledged in one place in the CSP 2001-2007:</p> <p><i>« The weak economic governance remains a fundamental limitation to broad-based growth and to the country's capacity to attract investments. Poor financial management, lack of effective means to measure the effects on poverty of public expenditure and corruption cases are seriously undermining the reform process and the future prospects for growth. »</i></p> <p><i>Source : EC, Zambia-European Community Country Strategy Paper and Indicative Programme for the period 2001-2007, p.8.</i></p> <p><b>PRBS 3 Zambia (GBS):</b> whilst the project documentation does not provide explicit analysis of regulatory obstacles, the performance assessment framework agreed between the government of Zambia and nine GBS donors in Zambia (EC, DfID, Germany, Norway, Finland, Sweden, the Netherlands, the World Bank, the African Development Bank) does include the following indicators related to the regulatory framework:</p> <ul style="list-style-type: none"> <li>▪ Number of days required to start (license) a business</li> <li>▪ Administrative cost of compliance with business licenses</li> <li>▪ Number of days required to complete the documentation for (a) importing and (b) exporting products</li> </ul>

	<p><i>Source : EC, Financing Agreement, Millenium Development Goals Contract for Zambia (MDG-C) (2009-2014), Annex 2.</i></p> <p><b>Capacity Building for PSD Zambia:</b> whilst the project documentation does not provide or refer to an explicit analysis of the major regulatory obstacles to PSD in Zambia, the indicator chosen to monitor the results of the project's activities in the area of policy support does itself refer to some particular obstacles:</p> <p><i>« Improved policy, legal and regulatory framework drafted and adopted by 12/2005. This includes a revised Investment Act, review of the Immigration Act, improved tax administration, review of procedures related to acquisition/ lease of land. »</i></p> <p><i>Source : EC, Financing Agreement, Capacity Building for Private Sector Development ZA/003/04 EDF IX, Section 1.</i></p>
I-4.1.2	<p><b>ZAMBIA:</b> economic governance is one of the areas identified as rationale for the continued budget support operations of the EC in Zambia during the evaluation period:</p> <p><i>« The need to improve economic governance is increasingly emerging as a central issue. Corruption cases and bad records of public finance management, including the management of EC supported counterpart funds for budgetary support, need to be clarified and appropriate corrective measures will need to be applied. The latter will not exclude possible reimbursements of funds affected by irregularities and detailed action plans to strengthen public finance management.</i></p> <p><i>Provided that this effort is deployed, macro-economic support by the EC will continue to be disbursed in the form of budgetary aid, either channeled directly through the Treasury or through special arrangements under discussion with GRZ and donors. »</i></p> <p><i>Source : EC, Zambia-European Community Country Strategy Paper and Indicative Programme for the period 2001-2007, p.20.</i></p>
	<b>PRBS 3 Zambia (GBS):</b> see I-4.1.1 above.
	<b>Capacity Building for PSD Zambia:</b> see I-4.1.1 above.
I-4.1.3	<p><b>ZAMBIA:</b> the CSPs do not include reference to a dialogue with the private sector on the specific issue of determining the priorities for helping remove the main institutional and regulatory obstacles to PSD.</p> <p><i>Source : EC, Zambia-European Community Country Strategy Paper and Indicative Programme for the period 2001-2007 ; 2008-2013.</i></p>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
I-4.1.4	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
I-4.1.5	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>

<b>JC 4.2</b>	<b><i>The Commission has had strong policy dialogue on the institutional and regulatory frameworks</i></b>
Findings at JC level	
I-4.2.1	Number, level and depth of contacts with public authorities
I-4.2.2	Number, level and depth of contacts with other policy actors (e.g. business associations, non-state actors, IMF/WB, other donors)
I-4.2.3	Evidence exists of Commission leadership in or contribution to dialogue with policy actors
I-4.2.4	Evidence exists of Commission contribution to private-public dialogue
I-4.2.1	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
I-4.2.2	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
I-4.2.3	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
I-4.2.4	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
<b>JC 4.3</b>	<b><i>The institutional and regulatory frameworks have been strengthened</i></b>
Findings at JC level	
I-4.3.1	Reports / stakeholders show that new laws and regulations have been issued and are enforced
I-4.3.2	Reports / stakeholders show that required institutions have been created or developed and are operational
I-4.3.3	Evidence exists of Commission role in strengthening of institutional and regulatory frameworks
I-4.3.4	Stakeholders consider that Commission interventions have maximised local government commitment by ensuring they are in line with the government's own agenda, consulting with relevant stakeholders and proposing reforms at the local or sub-national level.
I-4.3.1	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>

	<b>Capacity Building for PSD Zambia</b>
I-4.3.2	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
I-4.3.3	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<p><b>Capacity Building for PSD Zambia:</b> EC support specifically targeted the strengthening of institutional capacity at the Ministry of Commerce, Trade, and Industry, as well as at the following statutory bodies:</p> <ul style="list-style-type: none"> <li>▪ The Export Board of Zambia</li> <li>▪ The Zambia Investment Centre</li> <li>▪ The Zambia Bureau of Standards, Weights and Measures Authority, Assizes Dept, Accreditation Unit</li> <li>▪ Zambia Competition Commission</li> </ul> <p>Support to the Ministry included:</p> <ul style="list-style-type: none"> <li>▪ Policy/legal/regulatory framework: the project supported to the Ministry review and redesign of policy, legislation and regulatory frameworks for the private sector.</li> <li>▪ Improved services of the Department of Trade : support to trade negotiations, monitoring of compliance with international trade requirements, and the launch of the "<i>Buy Zambia Campaign</i>".</li> <li>▪ Improved SME services: organisational development for the new institutional body replacing the SME development board within the Ministry, including capacity building to promote improved coordination and dissemination of best practices.</li> <li>▪ Establishment of a Dialogue Unit to enhance Ministry dialogue with the private sector</li> <li>▪ Establishment of a Dialogue Unit to enhance Ministry dialogue with the private sector.</li> </ul> <p><i>Source : EC, Financing Agreement, Capacity Building for Private Sector Development ZA/003/04 EDF IX, Section 2</i></p>
I-4.3.4	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
<b>JC 4.4</b>	<b><i>The strengthening of the institutional and regulatory framework has contributed to the creation, better functioning and growth of enterprises</i></b>
<b>Findings at JC level</b>	
I-4.4.1	Evidence that enterprises have benefited from an improved framework and environment
I-4.4.1	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>

EQ 5	To what extent did the Commission contribute to improve access to finance by enterprises?
Other relevant information (not captured elsewhere)	
<i>JC 5.1</i>	<i>The Commission's support was informed by an analysis of the country/region's main constraints in terms of access to finance for enterprises (whether they were primarily on the demand or on the supply side or both)</i>
Findings at JC level	<p><b>Zambia:</b> Access to finance was not highlighted as a key obstacle for the private sector area by the Zambian government's own PSD Action Plan (2004). Instead, the following main reform areas were highlighted:</p> <p><i>« Policy Environment and Institutions; Trade Expansion; Infrastructure; Citizens' Empowerment; Business Facilitation and Economic Diversification; and Laws and Regulation. »</i></p> <p>The EC's support, as outlined in the CSPs, likewise did not address access to finance during the evaluation period.</p> <p><i>Source : EC, Zambia-European Community Country Strategy Paper and Indicative Programme for the period 2008-2013, p.24.</i></p>
I-5.1.1	Existence of documented analysis of the countries'/regions main constraints in terms of access to finance (demand and supply side)
I-5.1.2	In its strategy/programming documents the Commission refers to these analyses
I-5.1.3	Stakeholders, in particular from the private sector, consider that the constraints identified are the right ones
I-5.1.3	The Commission support was geared towards tackling the constraints identified in these analyses
I-5.1.5	Number of Commission interventions in the area of access to finance that have been conducted in cooperation with other financial institutions
I-5.1.1	<p><b>ZAMBIA</b></p> <p><b>PRBS 3 Zambia (GBS)</b></p> <p><b>Capacity Building for PSD Zambia</b></p>
I-5.1.2	<p><b>ZAMBIA:</b></p> <p><b>PRBS 3 Zambia (GBS)</b></p> <p><b>Capacity Building for PSD Zambia</b></p>
I-5.1.3	<p><b>ZAMBIA</b></p> <p><b>PRBS 3 Zambia (GBS)</b></p> <p><b>Capacity Building for PSD Zambia</b></p>
I-5.1.4	<p><b>ZAMBIA</b></p> <p><b>PRBS 3 Zambia (GBS)</b></p> <p><b>Capacity Building for PSD Zambia</b></p>

I-5.1.5	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
<b>JC 5.2</b>	<b><i>At the macro-level, the Commission has addressed the constraints in the business environment for larger enterprises and MSMEs to develop</i></b>
<b>Findings at JC level</b>	
I-5.2.1	Steps were taken to facilitate the creation of formal enterprises, through accessible procedures of registration
I-5.2.2	The Commission has supported the regulatory environment of financial intermediaries to facilitate their lending to, and/or investment in, MSMEs
I-5.2.1	<b>ZAMBIA:</b> The EC did not target the facilitation of the creation of formal enterprises in Zambia during the evaluation period. <i>Source : EC, Zambia-European Community Country Strategy Paper and Indicative Programme for the period 2001-2007 ; 2008-2013.</i>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
I-5.2.2	<b>ZAMBIA</b> The EC did not target the regulatory environment of financial intermediaries in Zambia during the evaluation period. <i>Source : EC, Zambia-European Community Country Strategy Paper and Indicative Programme for the period 2001-2007 ; 2008-2013.</i>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
<b>JC 5.3</b>	<b><i>Support targeted enterprises that were facing difficulties in obtaining financial products and services</i></b>
<b>Findings at JC level</b>	<b>Zambia:</b> As noted under JC5.1 above, EC support did not focus on the issue of access to finance and there is consequently no discussion of the targeting of enterprises that face difficulties in obtaining loan and investment funding. <i>Source : EC, Zambia-European Community Country Strategy Paper and Indicative Programme for the period 2008-2013, p.24.</i>
I-5.3.1	The Commission had a specific approach to identify those enterprises that were facing difficulties in obtaining loan and investment funding
I-5.3.2	The Commission identified the specific constraints these enterprises were facing
I-5.3.3	The Commission support was geared to these enterprises and aimed at tackling their specific constraints, including specifically for MSMEs (core constraints of lack of capitalisation and lack of collateral)
I-5.3.1	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>

I-5.3.2	ZAMBIA
	PRBS 3 Zambia (GBS)
	Capacity Building for PSD Zambia
I-5.3.3	ZAMBIA
	PRBS 3 Zambia (GBS)
	Capacity Building for PSD Zambia
JC 5.4	<b><i>At the meso-level, the Commission has supported the intermediary organisations supporting enterprises (large and MSMEs)</i></b>
Findings at JC level	<p>EC support via the Departments of Trade and Industry provided, during the evaluation period, additional grant facilities for private sector intermediary organisations :</p> <p>« <i>The 9th EDF project implementation started in 2006 (to 2009) and is focused on the meso level i.e. on the policies and regulatory framework in which the private sector operates, after considering recommendations from the evaluations of the previous 8th EDF project in this sector (including the multicountry evaluation, December 2005). The project is based in the Department of Domestic Trade within the MCTI and will provide support to the Department of Trade and Department of Industry in charge of Small and Medium-sized Enterprises. <b>Support will also be provided to statutory bodies such as the Export Board of Zambia, Zambia Investment Centre, Zambia Bureau of Standards, and Zambia Competition Commission. Civil Society and Private Sector intermediary organisations will benefit through two specific grant facilities.</b></i> »</p> <p><i>Source : EC, Zambia-European Community Country Strategy Paper and Indicative Programme for the period 2008-2013, p.24, emphasis added.</i></p>
I-5.4.1	Stakeholders consider that the Commission has selected those private sector representative organisations that have a real impact
I-5.4.2	Intermediary Organisations supported by the Commission have, during the period of support, implemented activities designed to increase capacity of private sector enterprises to obtain funding from bank or non-banking institutions
I-5.4.1	ZAMBIA
	PRBS 3 Zambia (GBS)
	Capacity Building for PSD Zambia
I-5.4.2	ZAMBIA
	PRBS 3 Zambia (GBS)
	Capacity Building for PSD Zambia
JC 5.5	<b><i>The ability of enterprises to obtain financial products and services has been strengthened</i></b>
Findings at JC level	
I-5.5.1	Improvements in enterprises' capacities to submit bankable dossiers and evidence provided in this respect

I-5.5.2	Improvements in enterprises' accounting practices and evidence provided in this respect
I-5.5.3	Improvements in dealing with enterprises' lack of capitalisation (e.g. through seed money, venture capital) and lack of collateral (e.g. guarantee schemes) and evidence provided in this respect
I-5.5.1	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
I-5.5.2	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
I-5.5.3	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
<b>JC 5.6</b>	<b><i>Supported financial institutions have improved their ability to mobilise funding and/or act as intermediaries</i></b>
<b>Findings at JC level</b>	<b>ZAMBIA:</b> financial institutions were not targeted for support by the EC during the evaluation period. <i>Source : EC, Zambia-European Community Country Strategy Paper and Indicative Programme for the period 2001-2007; 2008-2013.</i>
I-5.6.1	Commission strategy and programming documents foresee support for the mobilisation of private funding sources including private savings
I-5.6.2	Commission strategy and programming documents foresee support for more efficient financial markets
I-5.6.3	Central Bank monitoring data show an increase and diversification of private funding sources including private savings
I-5.6.4	Stakeholders consider there is a linkage between the observed evolutions in funding mobilisation and the Commission's support
I-5.6.5	Local financial institutions have improved their mobilisation and intermediation to effectively channel resources and adapt financial services/products to the needs of local enterprises and notably of MSMEs
I-5.6.1	<b>ZAMBIA:</b> see comment under JC5.6 above.
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
I-5.6.2	<b>ZAMBIA</b> see comment under JC5.6 above.
	<b>PRBS 3 Zambia (GBS):</b> the Performance Assessment Framework agreed between the Government of Zambia and the GBS donors includes 38 indicators across four areas: Public Financial Management, Wealth Creation, Social Equality and Cross Cutting Issues. Of these, one indicator relates to financial access:



	<p>1. Proportion of population with financial access (total/rural), defined in the following manner:</p> <p><i>“Percentage of adult people (defined as being 16 years and over) with access to formal and informal financial services. Disaggregated between (a) Rural and (b) Total. The same definition will be taken as in the FinScope Report. This survey will not be carried out on an annual basis. The next survey will be in 2010. For the interim years, specific milestones will be included.</i></p> <p><i>For 2009 the focus will be implementation of the National Switch. This entail procurement and implementation of a National Switch by the Banker’s Association of Zambia in conjunction with the Bank of Zambia. This will enable extension of access to financial services and sharing of costs by financial service providers in Zambia.”</i></p> <p><i>Source : EC, Financing Agreement, Millenium Development Goals Contract for Zambia (MDG-C) (2009-2014), Appendix 2.</i></p>
	<b>Capacity Building for PSD Zambia</b>
I-5.6.3	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
I-5.6.4	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
I-5.6.5	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
<b>JC 5.7</b>	<b><i>Among MSMEs, the Commission has addressed the constraints of micro-enterprises</i></b>
<b>Findings at JC level</b>	
<b>I-5.7.1</b>	The Commission has analysed the specific problems of micro-enterprises in countries of intervention
<b>I-5.7.2</b>	The Commission has addressed the capacity problems of micro-enterprises in terms of submitting bankable financing requests to financial intermediaries
<b>I-5.7.3</b>	The Commission has addressed the capacity problems of micro-enterprises in terms of management capacity, accounting, and transparency
<b>I-5.7.4</b>	Evidence that MSMEs have improved their access to finance and role of the Commission support in this respect
<b>I-5.7.1</b>	<b>ZAMBIA:</b> no significant consideration of micro-enterprise (or SME) constraints is given in the CSPs for the evaluation period.
	<i>Source : EC, Zambia-European Community Country Strategy Paper and Indicative Programme for the period 2001-2007; 2008-2013.</i>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>

<b>I-5.7.2</b>	<b>ZAMBIA:</b>
	<b>PRBS 3 Zambia (GBS):</b>
	<b>Capacity Building for PSD Zambia</b>
<b>I-5.7.3</b>	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
<b>I-5.7.4</b>	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>

<b>EQ 6</b>	<b>To what extent did the Commission contribute to a better ability of enterprises, in particular SMEs, to compete and to access technology and new markets?</b>
<b>Other relevant information (not captured elsewhere)</b>	
<b>JC 6.1</b>	<b><i>The Commission's support to enterprise competitiveness was targeted on the basis of an analysis of the main shortcomings of enterprises in terms of competitiveness</i></b>
<b>Findings at JC level</b>	<b>Zambia:</b> The CSPs do not target BDS provision or support during the evaluation period. <i>Source : EC, Zambia-European Community Country Strategy Paper and Indicative Programme for the period 2001-2007; 2008-2013.</i>
<b>I-6.1.1</b>	Existence of documented analysis of the main shortcomings of enterprises in terms of competitiveness, including forward studies and surveys of key sectors or subsectors in regions/countries concerned
<b>I-6.1.2</b>	In its strategy/programming documents the Commission refers to these analyses
<b>I-6.1.3</b>	Stakeholders, in particular from the private sector, consider that the shortcomings identified are the right ones
<b>I-6.1.4</b>	The Commission support was geared towards tackling the shortcomings identified in these analyses
<b>I-6.1.5</b>	A critical mass of enterprises facing competitiveness problems (grouped by sector, or by potential exporting enterprises) has been targeted
<b>I-6.1.6</b>	PSD programming in the area of BDS and non-financial service provision has targeted sustainable reinforcement of the structures and functioning of local markets (as per Recommendation RI-2 of the 2005 Evaluation)
<b>I-6.1.7</b>	Number of BDS interventions aimed at reinforcing local BDS markets versus the number of interventions providing direct BDS services
<b>I-6.1.1</b>	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
<b>I-6.1.2</b>	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
<b>I-6.1.3</b>	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
<b>I-6.1.4</b>	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>

	<b>Capacity Building for PSD Zambia</b>
I-6.1.5	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
I-6.1.6	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
I-6.1.7	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
<b>JC 6.2</b>	<i>The delivery channels or IOs for this support were appropriate and able to deliver</i>
<b>Findings at JC level</b>	
<b>I-6.2.1</b>	Commission programming documents and stakeholders show that intermediary organisations were selected on the basis of their ability to deliver
<b>I-6.2.2</b>	Monitoring/evaluation reports and/or stakeholders provide evidence that selected intermediary organisations delivered
<b>I-6.2.3</b>	Monitoring/evaluation reports and/or stakeholders provide evidence that key follow-up at the level of intermediary organisations occurred
<b>I-6.2.4</b>	Monitoring/evaluation reports and/or stakeholders provide evidence to show that institutions for business development services have been strengthened in a sustainable manner
I-6.2.1	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia:</b> A grant facility was created to strengthen the capacity of private sector intermediary organizations. The facility provided funds for organizations to support their members and engage in effective dialogue with the public sector. The facility selected grantees on the basis of open calls for proposals. The call for proposal selection criteria were not presented to the evaluation team during the desk phase. Nevertheless, the Financing Agreement provides the following description of the Call process:  <i>“Intermediary organisations and civil society organisations will be selected through Call for Proposals, to be published in the local media. Both facilities will be in the form of grants. They will be guided by Management Committees made up by representatives from the private sector and civil society. The Committees will review proposals and make recommendations to the Steering Committee. Final decisions will be taken by the NAO and the EC.”</i>  <i>Source : EC, Financing Agreement, Capacity Building for Private Sector Development ZA/003/04 EDF IX, Section 3.</i>

I-6.2.2	ZAMBIA
	PRBS 3 Zambia (GBS)
	Capacity Building for PSD Zambia
I-6.2.3	ZAMBIA
	PRBS 3 Zambia (GBS)
	Capacity Building for PSD Zambia
I-6.2.4	ZAMBIA
	PRBS 3 Zambia (GBS)
	Capacity Building for PSD Zambia
<b>JC 6.3</b>	<i>Enterprises that benefited from Commission support have been upgraded and accessed new markets</i>
Findings at JC level	
I-6.3.1	Evidence exists of follow-up after cooperation meetings and agreements in terms of upgrading of enterprises (development of skills, know-how, managerial, market knowledge, etc.), and adequate targeting of key sectors
I-6.3.2	Number of business to business cooperation and promotion meetings which gave rise to increased trade exchanges and enhanced export prospects
I-6.3.3	Number of business to business cooperation and promotion meetings which gave rise to durable partnerships enhancing business opportunities and sustainable enterprise prospects
I-6.3.4	Monitoring reports demonstrate a systematic flow of know-how resulting from such activities
I-6.3.1	ZAMBIA
	PRBS 3 Zambia (GBS)
	Capacity Building for PSD Zambia
I-6.3.2	ZAMBIA
	PRBS 3 Zambia (GBS)
	Capacity Building for PSD Zambia
I-6.3.3	ZAMBIA
	PRBS 3 Zambia (GBS)
	Capacity Building for PSD Zambia
I-6.3.4	ZAMBIA
	PRBS 3 Zambia (GBS)
	Capacity Building for PSD Zambia

<b>JC 6.4</b>	<i>Enterprises that benefited from Commission support have increased their access to technology</i>
<b>Findings at JC level</b>	
<b>I-6.4.1</b>	Monitoring reports show that new technology, including European technology, has been mobilised by enterprises in Partner Countries
<b>I-6.4.2</b>	Stakeholders interviews indicate that such technology transfers has heightened their competitiveness
<b>I-6.4.3</b>	Monitoring reports indicate that the volume of technology transfers has been important for enterprises and relevant target sectors
<b>I-6.4.1</b>	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
<b>I-6.4.2</b>	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
<b>I-6.4.3</b>	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>

EQ 7	To what extent did Commission support contribute to increased cross-border investment in partner countries' private sectors?
Other relevant information (not captured elsewhere)	<p><b>Zambia:</b> EC activities during the evaluation period, as outlined by the CSPs, did not target cross-border investment in the Zambian private sector.</p> <p><i>Source : EC, Zambia-European Community Country Strategy Paper and Indicative Programme for the period 2001-2007; 2008-2013.</i></p>
JC 7.1	<i>The Commission's support was targeted on the basis of an analysis of the needs of enterprises</i>
Findings at JC level	
I-7.1.1	Enterprises needs analyses provided in regional/country surveys or through other means
I-7.1.2	Evidence in programming documentation on the Commission's knowledge of potential European sources of investment when organising investment promotion activities
I-7.1.3	Elements provided in programming documentation and/or by stakeholders showing that the Commission's support was based on these needs analyses and that the Commission had a prioritised approach in selecting groups of beneficiary enterprises
I-7.1.1	ZAMBIA
	PRBS 3 Zambia (GBS)
	Capacity Building for PSD Zambia
I-7.1.2	ZAMBIA
	PRBS 3 Zambia (GBS)
	Capacity Building for PSD Zambia
I-7.1.3	ZAMBIA
	PRBS 3 Zambia (GBS)
	Capacity Building for PSD Zambia
JC 7.2	<i>The Commission has supported the development of investment-related intermediary organisations, and these IOs have effectively engaged in investment promotion</i>
Findings at JC level	
I-7.2.1	Number of Investment Promotion Agencies (IPAs) and other investment intermediaries supported
I-7.2.2	Monitoring reports contain evidence of improvements in the performance of IOs in the supply of investment support
I-7.2.3	Number of investment promotion events that gave rise to actual additional investment
I-7.2.1	ZAMBIA

	<b>PRBS 3 Zambia (GBS)</b>
	Capacity Building for PSD Zambia
<b>I-7.2.2</b>	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	Capacity Building for PSD Zambia
<b>I-7.2.3</b>	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	Capacity Building for PSD Zambia
<b>JC 7.3</b>	<i>The Commission has supported investment related business to business meetings &amp; investment promotion events, and these have had identifiable results</i>
<b>Findings at JC level</b>	
<b>I-7.3.1</b>	Number of investment promotion meetings & events organised
<b>I-7.3.2</b>	Monitoring reports contain evidence of investment mobilisation resulting from such events, and stakeholders confirm such results
<b>I-7.3.3</b>	Commission follow-up steps have been taken to enhance the results of investment promotion activities
<b>I-7.3.4</b>	Also see answers to indicators I-6.3.2 and I-6.3.3 above
<b>I-7.3.1</b>	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	Capacity Building for PSD Zambia
<b>I-7.3.2</b>	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	Capacity Building for PSD Zambia
<b>I-7.3.3</b>	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	Capacity Building for PSD Zambia
<b>I-7.3.4</b>	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	Capacity Building for PSD Zambia
<b>JC 7.4</b>	<i>Commission support has encouraged FDI</i>
<b>Findings at JC level</b>	
<b>I-7.4.1</b>	Reports exist that document the mobilisation of investment flows as a result of Commission support



I-7.4.2	In the absence of actual financial investment, the Commissions reports demonstrate that potential has been created for later investment resulting from business partnerships
I-7.4.1	ZAMBIA
	PRBS 3 Zambia (GBS)
	Capacity Building for PSD Zambia
I-7.4.2	ZAMBIA
	PRBS 3 Zambia (GBS)
	Capacity Building for PSD Zambia
JC 7.5	<b><i>SMEs were adequately targeted by comprehensive provision of investment related services</i></b>
Findings at JC level	<p><b>ZAMBIA:</b> no significant targeting of SME investment by the EC is outlined in the CSPs for the evaluation period. On the contrary, SME-targeted investment is explicitly considered under the EIB response strategy, e.g.:</p> <p><i>« Considering the specificities of Zambia's economic situation as well as the Bank's past experience in the country, the following main areas of possible intervention for the Bank have been identified:</i></p> <ul style="list-style-type: none"> <li>▪ <b><i>close cooperation with local financial intermediaries to support small and medium-scale enterprises through global loans or equity funds or to support the transformation of the financial sector in Zambia and help the development of the private sector</i></b></li> <li>▪ <i>financing infrastructure projects in the power, water and sewerage, transport and telecommunications sectors, where the main aim will be to help increase the efficiency of public utilities and to encourage private sector participation if appropriate,</i></li> <li>▪ <i>direct funding of large individual projects where the Bank can contribute value added in the technical and/or financial structuring of the investment.»</i></li> </ul> <p><i>Source : EC, Zambia-European Community Country Strategy Paper and Indicative Programme for the period 2008-2013, p.34, emphasis added.</i></p>
I-7.5.1	Regional and country surveys and studies indicate that SMEs were among the Commission's priorities
I-7.5.2	Intervention documentation evidences that SMEs have been duly targeted
I-7.5.3	Monitoring reports contain evidence of investment mobilisation benefiting SMEs
I-7.5.1	ZAMBIA
	PRBS 3 Zambia (GBS)
	Capacity Building for PSD Zambia
I-7.5.2	ZAMBIA
	PRBS 3 Zambia (GBS)
	Capacity Building for PSD Zambia
I-7.5.3	ZAMBIA
	PRBS 3 Zambia (GBS)
	Capacity Building for PSD Zambia

<b>EQ 8</b>	<b>To what extent has the Commission PSD support contributed to facilitate the generation of employment?</b>
<b>Other relevant information (not captured elsewhere)</b>	
<b>JC 8.1</b>	<b><i>The Commission monitors employment effects</i></b>
<b>Findings at JC level</b>	
<b>I-8.1.1</b>	Description of Commission practices in terms of monitoring of employment effects (e.g. specific indicators defined)
<b>I-8.1.2</b>	Evolution of employment figures included in beneficiary progress reports to Commission
<b>I-8.1.1</b>	<p><b>ZAMBIA:</b> no specific indicators are defined to monitor employment effects in the CSPs for the evaluation period.</p> <p><b>PRBS 3 Zambia (GBS):</b> the following indicators monitoring employment effects are defined by the performance assessment framework agreed between the government of Zambia and nine GBS donors in Zambia (EC, DfID, Germany, Norway, Finland, Sweden, the Netherlands, the World Bank, the African Development Bank):</p> <ul style="list-style-type: none"> <li>▪ Number of new full time jobs created by MSMEs:</li> <li>▪ Labour productivity</li> </ul> <p><i>Source : EC, Financing Agreement, Millenium Development Goals Contract for Zambia (MDG-C) (2009-2014), Annex 2.</i></p> <p><b>Capacity Building for PSD Zambia:</b> one specific indicator was defined to monitor employment effects, namely:</p> <p><i>“No. of new jobs created by private sector businesses that can be attributed the utilization of services provided.”</i></p> <p>This indicator was due to be verified via follow-up surveys and assessments of private sector customers by civil society organizations.</p> <p>Importantly, no further delineation of the indicator, or description of the method for attribution, is provided in the project documentation.</p> <p><i>Source : EC, Financing Agreement, Capacity Building for Private Sector Development ZA/003/04 EDF IX, Annex 1.</i></p>
<b>I-8.1.2</b>	<p><b>ZAMBIA</b></p> <p><b>PRBS 3 Zambia (GBS):</b> no such figures are presented in the programme documentation. Notably though, the MDG-specific tranche of GBS support does not begin disbursement until 2010. As such, evolution on these indicators is not technically required during the evaluation period.</p> <p><i>Source : EC, Financing Agreement, Millenium Development Goals Contract for Zambia (MDG-C) (2009-2014), Annex 2.</i></p> <p><b>Capacity Building for PSD Zambia:</b> no such figures are presented in the programme documentation.</p>

<b>JC 8.2</b>	<b><i>Generation of employment has been a concern of the Commission when providing PSD support</i></b>
Findings at JC level	
I-8.2.1	Commission strategy and programming documents explain how supported interventions will contribute to employment
I-8.2.2	Available reports explain how Commission support aimed at and did contribute to employment
I-8.2.3	Stakeholders consider that Commission interventions aimed at and did contribute to the generation of employment
I-8.2.1	<b>ZAMBIA:</b> the CSPs do not refer to the impact of the EC interventions will contribute to employment.
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
I-8.2.2	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
I-8.2.3	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
<b>JC 8.3</b>	<b><i>Commission support to formalisation of MSMEs has contributed to increased employment opportunities</i></b>
Findings at JC level	
I-8.3.1	Evolution of employment figures within MSME sector in beneficiary countries during evaluation period
I-8.3.2	Number of MSMEs created in beneficiary countries during evaluation period
I-8.3.1	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS):</b> No figures for the evolution of employment within the MSME sector are given in the project documentation. However, as noted in 8.1.1., the performance assessment framework agreed between the government of Zambia and nine GBS donors in Zambia (EC, DfID, Germany, Norway, Finland, Sweden, the Netherlands, the World Bank, the African Development Bank) includes an indicator monitoring the number of new full time jobs created by MSMEs. The performance assessment framework notes that: <ul style="list-style-type: none"> <li>▪ <i>“The identified required actions to unlock the potential of this sector in order to promote value-addition and exports are to promote the growth of MSMEs through training in business management and technical skills; and strengthening the linkage between MSMEs and large manufacturing firms especially those supplying intermediate raw materials. Government will promote the development of the indigenous investment through the Citizens Economic Empowerment (CEE) initiative to ensure that local entrepreneurs are afforded easy access to factors of production especially finance and land.”</i></li> </ul>

	<i>Source : EC, Financing Agreement, Millenium Development Goals Contract for Zambia (MDG-C) (2009-2014), Annex 2.</i>
	<b>Capacity Building for PSD Zambia</b>
<b>I-8.3.2</b>	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
<b>JC 8.4</b>	<b><i>Commission SBS has increased private sector employment opportunities in the sectors supported</i></b>
<b>Findings at JC level</b>	
<b>I-8.4.1</b>	Evolution of employment figures in the sectors supported by Commission SBS during evaluation period
<b>I-8.4.1</b>	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
<b>JC 8.5</b>	<b><i>Commission support has contributed to the transition of entrepreneurs from the informal to the formal sector</i></b>
<b>Findings at JC level</b>	
<b>I-8.5.1</b>	Commission strategy and programming documents foresee support for the transition from the informal to the formal sector
<b>I-8.5.2</b>	Improvements in the transition from the informal to the formal sector
<b>I-8.5.1</b>	<b>ZAMBIA:</b> the CSPs do not refer to the transition from informal to formal sectors.
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
<b>I-8.5.2</b>	<b>ZAMBIA:</b> the CSPs do not track the evolution of the informal vs. formal economies in the country.
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>

<b>EQ 9</b>	<b>What was the Commission's added-value when providing support to PSD in third countries?</b>
<b>Other relevant information (not captured elsewhere)</b>	
<b>JC 9.1</b>	<i>The Commission PSD strategies were geared towards the provision of Commission-specific benefits, as compared to private sector initiatives, other financing modalities and support provided by other actors</i>
<b>Findings at JC level</b>	
<b>I-9.1.1</b>	Commission documents that lay down the overall (not country specific) PSD strategy of the Commission require that the Commission PSD strategies and interventions are chosen on the basis of, among other things, the specific benefits the Commission can provide
<b>I-9.1.2</b>	CSPs/RSPs and programming documents highlight the specific value added of the Commission support
<b>I-9.1.3</b>	Stakeholders consider that the potential value added of the Commission support has been a key criterion for deciding on the nature of the support to be provided
<b>I-9.1.1</b>	
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
<b>I-9.1.2</b>	<p><b>ZAMBIA:</b> The CSPs rely on the definition of EC value added given in the European Consensus on Development and previous experience of EC-Zambia cooperation. Nevertheless, EC value added is incorporated in the decision-making process for selection of support areas:</p> <p>« <i>The basic criteria considered for the selection of the sectors/ areas and support modalities to be proposed under the 10th EDF CSP-NIP are as follows:</i></p> <p><i>1 The main objectives and priorities assumed by the FNDP 2006-2010: broader growth through agricultural production, marketing and processing, human development in relation to the MDG targets, provision of adequate infrastructures for economic activities and social needs;</i></p> <p><i>2 The FNDP 2006-2010 available estimates of needs/ expenditure, projected internal/ external resources and derived financial gaps, for the different sectors included in that national development strategy and plan;</i></p> <p><i>3 The comparative advantage of the EC, as defined in the new EU development policy (European Consensus) and previous experiences in EC-Zambia cooperation;</i></p> <p><i>4 The division of labour between cooperating partners in supporting the FNDP 2006-2010, according to the agreements under the JASZ process;</i></p> <p><i>5 The aid implementing methods recommended by both the EU development policy and the FNDP. »</i></p> <p><i>Source : EC, Zambia-European Community Country Strategy Paper and Indicative Programme for the period 2008-2013, p.24, emphasis added.</i></p>

	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
<b>I-9.1.3</b>	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
<b>JC 9.2</b>	<i>The beneficiaries of Commission PSD support were not in a position to provide or to provide as swiftly and with the same results the support that was provided by the Commission</i>
<b>Findings at JC level</b>	
<b>I-9.2.1</b>	Evidence provided in strategy, programming documents and reports that show that beneficiaries at macro, meso- and micro level were not in a position to provide the support
<b>I-9.2.2</b>	Stakeholders consider that beneficiaries at macro, meso- and micro level were not in a position to provide the support
<b>I-9.2.1</b>	<b>ZAMBIA:</b> the risk of duplicating activities normally carried out by the private sector is not given significant consideration in the CSPs themselves, with the following, singular, exception: <i>“The support from the Commission is based on a balanced and coherent combination of both growth and poverty alleviation measures. It does not introduce any competition or interference in relation to activities that normally to be carried out by the private sector.”</i> <i>Source : EC, Zambia-European Community Country Strategy Paper and Indicative Programme for the period 2001-2007, p.24</i>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
<b>I-9.2.2</b>	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
<b>JC 9.3</b>	<i>The Commission's grant support had specific benefits</i>
<b>Findings at JC level</b>	
<b>I-9.3.1</b>	Areas of PSD support selected by the Commission are generally not considered as fit for loan funding or for other financing modalities
<b>I-9.3.2</b>	Evidence provided in evaluation/ monitoring reports on the value added of the Commission through blending grant funding with other modes and sources of funding
<b>I-9.3.3</b>	Stakeholders consider that the Commission had value added through blending grant funding with other modes and sources of funding
<b>I-9.3.4</b>	Elements provided in strategy, programming documents, and reports that show other specific benefits of grant funding for the interventions

I-9.3.5	Stakeholders are able to show other specific benefits of the grant funding for the PSD support provided
I-9.3.1	<p><b>ZAMBIA:</b> the CSP 2001-2007 explicitly differentiates those country priority areas for which loan funding is appropriate (provision of loans and capital for infrastructure programmes) from that for which it is not (assistance to the Government to provide an improved environment for business activities; building public sector capacity to enhance the enabling environment for PSD and develop capacity for public-private dialogue). Those areas for which loan funding is deemed appropriate are left to the EIB, whilst the EC tackles those areas for which loan funding is not pertinent.</p> <p><i>Source : EC, Zambia-European Community Country Strategy Paper and Indicative Programme for the period 2001-2007, pp.17, 19</i></p>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
I-9.3.2	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
I-9.3.3	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
I-9.3.4	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
I-9.3.5	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
<b>JC 9.4</b>	<b><i>The Commission had a specific value added compared to the support provided by other public actors, in particular but not only EU MS</i></b>
<b>Findings at JC level</b>	
I-9.4.1	Documents show and stakeholders consider that the Commission's support at country and/or intervention level was of significant financial weight compared to the support provided by other actors
I-9.4.2	Documents show and stakeholders consider that the Commission provided a technical expertise that could not be provided by other actors (to the extent possible to be broken down by area of intervention)
I-9.4.3	Documents show and stakeholders consider that the Commission infused EU best practice and standards through its support
I-9.4.4	Documents show and stakeholders consider that the Commission's procedures offered advantages compared to those of other actors

I-9.4.5	Documents show and stakeholders consider that the fact that the support was provided by the Commission as representing the EU offered specific advantages
I-9.4.6	Documents show and stakeholders consider provide examples of other types of VA
I-9.4.1	<b>ZAMBIA:</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
I-9.4.2	<b>ZAMBIA:</b> there is no evidence in the CSPs that the Commission provided technical expertise that could not be provided by other actors.
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
I-9.4.3	<b>ZAMBIA:</b> there is no evidence in the CSPs that the Commission infused best practice and standards through its interventions.
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
I-9.4.4	<b>ZAMBIA:</b> there is no evidence in the CSPs that Commission's procedures offered advantages compared to those of other actors.
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
I-9.4.5	<b>ZAMBIA</b> there is no evidence in the CSPs that the fact that the support was provided by the Commission as representing the EU offered specific advantages.
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
I-9.4.6	<b>ZAMBIA:</b> no examples of other types of Commission VA are provided in the CSPs.
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>



<b>EQ 10</b>	<b>To what extent were the Commission's organisational set-up and management practices fit to a successful implementation of its PSD support?</b>
<b>Other relevant information (not captured elsewhere)</b>	
<b>JC 10.1</b>	<b><i>The devolution facilitated the implementation of the Commission PSD support</i></b>
<b>Findings at JC level</b>	
<b>I-10.1.1</b>	Stakeholders provide evidence that the devolution to delegations contributed to facilitating to the implementation of PSD support (e.g. better knowledge of local needs/priorities, better interaction with local stakeholders, notably of the private sector, etc.)
<b>I-10.1.2</b>	Stakeholders do not consider that there were major drawbacks of the devolution to delegations in terms of PSD support (e.g. less direct linkages with the European private sector, less coherence in the approach, etc.)
<b>I-10.1.3</b>	Stakeholders, such as major private sector operators in countries, are of the view that the EU Delegations make efforts to understand the private sector fabric and its constraints
<b>I-10.1.1</b>	<p><b>ZAMBIA:</b> As a point of context, it is worth noting that the CSP 2008-2013 explicitly states that devolution affected the follow-up of the budget lines project portfolio, <b>but not the selection of projects, which remains centralised</b> (with one exception):</p> <ul style="list-style-type: none"> <li>« After devolution, the current budget lines project portfolio managed by the Delegation comprises 14 NGO projects for a total amount of EUR 10 million in the following sectors: Food aid/Food Security, Water supply and Sanitation, Basic Health, Social Services and Rural Development. As much as possible, these projects are coordinated with 9th EDF activities in the respective areas. But it has to be emphasised that only the follow-up of the funded projects has been devolved. The selection is still centralised in EuropeAid Brussels, except for the NGO component of the Food Aid and Food Security budget lines. »</li> </ul> <p>Source : EC, Zambia-European Community Country Strategy Paper and Indicative Programme for the period 2008-2013, p.26</p>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
<b>I-10.1.2</b>	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
<b>I-10.1.3</b>	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>

<b>JC 10.2</b>	<i>The division of responsibilities between different DGs did not hamper an optimal implementation of the Commission's PSD support in the different countries'/regions concerned</i>
<b>Findings at JC level</b>	
<b>I-10.2.1</b>	The Commission had formal mechanisms to ensure collaboration between its different DGs involved with PSD related matters, including in terms of transfer of knowledge on PSD support within and outside the EU
<b>I-10.2.2</b>	Stakeholders consider that Commission support in third countries has benefited from general PSD knowledge and networks present within the Commission
<b>I-10.2.1</b>	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
<b>I-10.2.2</b>	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
<b>JC 10.3</b>	<i>The Commissions' HR policy was conducive to an optimal design and implementation of its PSD support</i>
<b>Findings at JC level</b>	
<b>I-10.3.1</b>	Existence of a specific HR policy for the management of Commission support to PSD in third countries
<b>I-10.3.2</b>	Existence of sufficient dedicated staff specialised in PSD matters both at HQ and Delegation level
<b>I-10.3.3</b>	Existence of specialised PSD trainings for staff in charge of PSD matters
<b>I-10.3.4</b>	Staff in charge of the Commission's PSD support is conversant with PSD constraints, and are well aware of the strategy and guidance documents, as well as of specific tools developed by the Commission for implementation
<b>I-10.3.5</b>	Stakeholders consider that Commission HR policy was a strength/weakness of PSD support
<b>I-10.3.1</b>	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
<b>I-10.3.2</b>	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
<b>I-10.3.3</b>	<b>ZAMBIA</b>
	<b>PRBS 3 Zambia (GBS)</b>

	Capacity Building for PSD Zambia
I-10.3.4	ZAMBIA
	PRBS 3 Zambia (GBS)
	Capacity Building for PSD Zambia
I-10.3.5	ZAMBIA
	PRBS 3 Zambia (GBS)
	Capacity Building for PSD Zambia
<i>JC 10.4</i>	<i>The Commission developed and used specific tools and guidance to facilitate the design and implementation of its PSD support</i>
Findings at JC level	
I-10.4.1	Description of available tools and guidance for the Commission support to PSD
I-10.4.2	Knowledge and use of these tools and guidance by Commission staff in charge of support to PSD
I-10.4.3	Commission staff expressed the view that these tools and guidance were useful
I-10.4.1	ZAMBIA
	PRBS 3 Zambia (GBS)
	Capacity Building for PSD Zambia
I-10.4.2	ZAMBIA
	PRBS 3 Zambia (GBS)
	Capacity Building for PSD Zambia
I-10.4.3	ZAMBIA
	PRBS 3 Zambia (GBS)
	Capacity Building for PSD Zambia
<i>JC 10.5</i>	<i>The Commission monitored/evaluated its support to PSD and used and disseminated the results</i>
Findings at JC level	
I-10.5.1	The Commission developed specific systems and sets of indicators to monitor and evaluate its support to PSD both at HQ and country level
I-10.5.2	The above mentioned monitor/evaluation systems were operational
I-10.5.3	The results of the monitoring and evaluations were disseminated and used to redirect strategies and programming
I-10.5.4	Stakeholders consider that monitoring and evaluation systems were useful to improve design and implementation of the PSD support
I-10.5.1	<b>ZAMBIA:</b> The results of activities undertaken under the CSPs in Zambia were monitored according to the provisions of the individual Financial Agreements

	<p>prepared during implementation, as described in the following passage and elsewhere:</p> <p><i>« monitoring of results and evaluations of impact of individual activities (programmes, projects, sectors) under this CSP will be undertaken in line with the Technical and Administrative Provisions that are attached to each individual Financial Agreement prepared to implement this CSP. »</i></p> <p><i>Source : EC, Zambia-European Community Country Strategy Paper and Indicative Programme for the period 2008-2013, p.26</i></p> <p><b>PRBS 3 Zambia (GBS):</b> the following monitoring and evaluation arrangements were agreed from project outset:</p> <p><i>« Assessment of output and outcome indicators from the PAF for the years 2008 to 2010, covering the areas of Domestic (non-mining) Revenue Generation; Agriculture; Rehabilitation and maintenance of feeder roads; Time to export and import; Institutional deliveries; Child immunisation; Enrolment rates at district level; Pupil-Teacher ratios at district level; ARV treatment for HIV pregnant women; each year will be granted a different weight, going from 20% to 30% and 50% respectively for 2008, 2009 and 2010, in order to capture the expected positive trend with outcome-based indicators. »</i></p> <p><i>Source : EC, Financing Agreement, Millenium Development Goals Contract for Zambia (MDG-C) (2009-2014), p.4.</i></p> <p><b>Capacity Building for PSD Zambia:</b> the following monitoring and evaluation arrangements were agreed from project outset:</p> <p><u>« Monitoring arrangements and follow-up</u></p> <p>Monitoring and evaluation will be done in accordance with the indicators specified in the Log-Frame. These indicators need to be updated at the inception of the project as a more detailed framework for the PRSP is under discussion. The objectives of the project concur with the objectives in the PRSP, and a streamlined approach to M&amp;E is preferable. Within this framework certain specific indicators related to the project's activities will be identified. The civil society component will play an important role in watching over the achievement of the intended impact and unwanted side effects. The indicators will be complemented by regular service delivery surveys that highlight specific aspects of operations. The T As will assist in establishing a regular activity monitoring schedule. This will allow the Project Manager to track activities of the project effectively, and provide quarterly reports to the Steering Committee, the NAO and the EC.</p> <p><u>Reviews/evaluations/audits: procedures and reports</u></p> <p>A mid-term review will take place after 2 years, and a final evaluation at the end of the project. A provision for Audits is included in the Budget. Under Article 23 of the 9th EDF Financial Regulations, the Chief Authorising Officer can use this provision to organise an independent audit of expenditure under this Agreement. Audit and evaluation contracts and framework contracts are always concluded by the Commission acting for and on behalf of the ACP State concerned. »</p> <p><i>Source : EC, Financing Agreement, Capacity Building for Private Sector Development ZA/003/04 EDF IX, Section 4.</i></p>
<p><b>I-10.5.2</b></p>	<p><b>ZAMBIA:</b> no discussion of the operation of the above mentioned monitoring system is given in the CSPs.</p> <p><b>PRBS 3 Zambia (GBS)</b></p>

	<b>Capacity Building for PSD Zambia</b>
I-10.5.3	ZAMBIA: see I-10.5.2 above.
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
I-10.5.4	ZAMBIA
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
<b>JC 10.6</b>	<i>The Commission developed and used specific mechanisms to ensure capitalisation and sharing of its knowledge with respect to PSD</i>
Findings at JC level	
I-10.6.1	Description of existing mechanisms (networks, working groups, etc.) to ensure capitalisation of Commission knowledge on PSD both among Commission staff concerned with implementation of PSD support inside and outside the EU
I-10.6.2	Knowledge and involvement of staff concerned with PSD support in third countries with these mechanisms
I-10.6.3	Stakeholders expressed the view that these mechanisms are useful, with specific results generated and possible drawbacks
I-10.6.1	ZAMBIA
	<b>PRBS 3 Zambia (GBS):</b> the following communication and visibility mechanisms were established from the contract signature: <i>« Communication and visibility issues are addressed through the joint arrangements for budget support with cooperating partners and GRZ. In particular, press conferences will be organised at the end of each second Joint PRBS Review, when commitments for the subsequent budget year are confirmed. Moreover, the complementary Capacity Building actions will also address issues of communication and visibility with the public large, by involving parliament and civil society in the budget support process. »</i> <i>Source : EC, Financing Agreement, Millenium Development Goals Contract for Zambia (MDG-C) (2009-2014), p.4.</i>
	<b>Capacity Building for PSD Zambia</b>
I-10.6.2	ZAMBIA
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>
I-10.6.3	ZAMBIA
	<b>PRBS 3 Zambia (GBS)</b>
	<b>Capacity Building for PSD Zambia</b>



## General Data Collection Grid

<b>EQ 1</b>	<b>To what extent did the Commission's PSD strategy and programming take into account the recommendations of the 2005 evaluation and the evolution of the overall private sector environment?</b>
<b>Other relevant information (not captured elsewhere)</b>	
<b>JC 1.1</b>	<i>The Commission undertook efforts to make sure that the recommendations of the 2005 Evaluation were taken into account</i>
<b>Findings at JC level</b>	
<b>I-1.1.1</b>	Existence of a plan or specific approach for the dissemination of the Recommendations to those responsible for programming and design of interventions
	<p>Commission interviewees (MN 501) explained that the 2005 evaluation has indeed been used to feed into the already ongoing reflexion on the Commission support to PSD and notably with a view to revise the PSD guidelines. This was however not done to a specifically structured approach in this respect. The "fiche contradictoire" was used (MN 505), but the follow up remained limited. This was also because of limited internal capacity.</p> <p>They also explain that several recommendations were taken into account, notably:</p> <ul style="list-style-type: none"> <li>- Recommendation on <i>access to finance</i>: the recommendation outlined which areas the EC should not engage in, and this has been respected in the new guidelines.</li> <li>- Recommendation on <i>the macro, meso and micro level distinction</i> is also embedded in the Guidelines. They have now focused on macro and meso levels, working at micro level without other levels is ineffective.</li> </ul> <p style="padding-left: 40px;">NB: They have had requests from partner countries, to include micro level in order to ensure that the intervention is visible on the ground, with increased tangible results from the programme. This can help to ensure local government support.</p> <ul style="list-style-type: none"> <li>- Recommendation on <i>clarifying the message on PSD</i>, a new vision is available, (partly from Agenda for Change). Clear references is now included on engaging private sector.</li> </ul> <p>An interviewee also explained that the Commission did not agree with all recommendations (MN 505).</p> <p>On the role the Commission intends to play with respect to PSD a Commission interviewee (MN 503) noted that having sufficient staff and in-house capacity is essential to remain involved in a specific sector.</p>

<b>I-1.1.2</b>	Evidence of dissemination of the recommendations to those responsible for programming and design of interventions
	No specific information on this issue available at this stage.
<b>I-1.1.3</b>	Commission staff were conversant with the 2005 Evaluation or with the recommendations made in this evaluation
	Several Commission staff met at Headquarters were conversant with the 2005 evaluation (e.g. MN 501); others less
<b>JC 1.2</b>	<i>Specific recommendations of the 2005 evaluation relating to the Commission's overall PSD Strategy have been taken into account</i>
<b>Findings at JC level</b>	
<b>I-1.2.1</b>	Evidence of greater clarity at programming level regarding the role of the Commission in PSD (particularly including the link between PSD, economic growth, the development objectives and poverty reduction)
<b>I-1.2.2</b>	Evidence of a process taking place to create a common vision of the Commission's PSD between HQ and EUD levels
	According to Commission interviewees at HQs (MN 501) initiatives have been taken, further to the evaluation, to create a common vision of the Commission's PSD support between HQ and EUD levels, notably through the thematic guidelines and training activities.
<b>I-1.2.3</b>	Commission programming has prioritised the areas of highest Commission comparative advantage as described by the 2005 evaluation recommendation RS-2
<b>GENERAL</b>	
<b>JC 1.3</b>	<i>The Commission is aware, through studies and exchanges with other sources of aid for PSD, of the evolution of the private sector environment</i>
<b>Findings at JC level</b>	
<b>I-1.3.1</b>	Existence of Commission documents evidencing awareness of the evolution of the private sector environment
<b>I-1.3.2</b>	Stakeholders report existence of dialogue with other sources of aid for PSD concerning the evolution of the private sector environment
	According to Commission interviewees (MN 501), the Commission regularly used studies done by other donors (OECD, World Bank), but there was not really a



	<p>reflection process at strategic level for instance on the effects of the financial crisis of 2008. It was also explained that the political emphasis on PSD dropped in the past, compensated in part with Investment Facility support, but that the importance is again underlined now, notably in the agenda for change. According to interviewees, three factors led to a change in the political focus: 1) the recognition that PSD growth will achieve more than development aid; 2) The recognition that employment is needed for development and social cohesion and human development; 3) The financial crisis: austerity leads to public sector budget cuts. Another interviewee (MN 505) explained that there was a certain flexibility in the programming and questioned also the magnitude of the impact of the financial crisis for SMEs as for instance access to finance was already a serious issue in these countries.</p> <p>Commission interviewees (MN 855) indicated that they were aware of one diagnosis of PSD needs and obstacles done in Algeria but for the rest, sources of information existed and were available, yet were fragmented and not integrated in a single, coherent diagnosis.</p> <p>They also highlighted the difficulty of developing a thorough diagnosis of PSD needs to inform long-term support in certain instable contexts, such as Lebanon, where it has been preferred to launch interventions rather than drafting rectilinear. Strategies.</p>
<b>I-1.3.3</b>	Evidence exists that the private sector environment has been taken into account in the Commission's PSD strategies and programming at country/regional level
<b>GENERAL</b>	<p>Commission interviewees (MN 855) highlighted the strong State-intervention tradition in Mediterranean countries so that EC efforts aimed at rebalancing the role of the State in the private sector. The difference stage in PSD at which Mediterranean countries are was also highlighted: "On defining specific sub-sectors of intervention: this depends on each country and its stage in PSD: Algeria and Lebanon are different".</p>
<b>JC 1.4</b>	<i>Policy documents and surveys relating to PSD and the quality of aid have been taken into account by the Commission</i>
<b>Findings at JC level</b>	
<b>I-1.4.1</b>	Documents show that new policy recommendations have been taken into account
<b>I-1.4.2</b>	Stakeholders report existence of internal dialogue or other process(es) that take into account new policy recommendations regarding quality of PSD aid
<b>GENERAL</b>	

<b>EQ 2</b>	<b>To what extent was Commission support to PSD in partner countries part of a strategic approach geared to the overall objectives of EU External Policy, while aligning with the priorities of the country/region and maximizing its VA, including in terms of synergies with other actors and other types of Commission support?</b>
<b>Other relevant information (not captured elsewhere)</b>	
<b>JC 2.1</b>	<b><i>Commission geared PSD support towards overall EU external policy objectives</i></b>
<b>Findings at JC level</b>	
<b>I-2.1.1</b>	Relation between overall EU external policy objectives and Commission PSD support is explicitly identified in Commission policy documentation
<b>I-2.1.2</b>	Programming documentation explicitly relates PSD interventions to overall EU external policy objectives
<b>I-2.1.3</b>	Stakeholders consider that Commission PSD support has contributed to the achievement of overall EU external policy objectives
<b>GENERAL</b>	Commission representatives (MN 501) explained that in their view there is a direct link. The agenda for poverty reduction recognised PSD as a way to reduce poverty. Whether the focus is on growth industries or rather on interventions that will directly benefit the poor will depend on the countries.
<b>JC 2.2</b>	<b><i>The Commission applied explicit policies and guidelines to make sure that its support to PSD was part of a strategic approach</i></b>
<b>Findings at JC level</b>	
<b>I-2.2.1</b>	Existence of policy documents and guidelines that explicitly tackle the importance of a strategic (prioritised) approach towards PSD alongside the different dimensions mentioned
	Commission representatives (MN 501) explained that having a strategic approach is a mandatory part of every “action fiche” that is submitted to the Quality Support Group (QSG). It explains the country strategy of the beneficiary country, the actions of other donors in the country, etc. The strategy of the country itself is the basis. PSD should be an axis of the country strategy and part of the Government’s priorities. In ENPI things are slightly different as there the Commission has joint action plans with the country.  Commission representatives (MN 855) explained that as regards PSD support in Mediterranean countries the starting point has been the Association Agreement.

	With the aim to reach a free trade area and in the absence of a level-playing field between the EU and Mediterranean countries, the has supported partner countries in reaching an equal footing in trade opportunities". <i>"PSD fits in the AA's Economic development pillar. From this objective, we determine our PSD programming. L'accès au marché intérieur implique d'appuyer les efforts de convergence réglementaire, e.g. financer de l'AT pour intégrer ces normes de la qualité. On découle les programmes d'assistance de ces obligations"</i> .
<b>I-2.2.2</b>	These policies and guidelines were utilised for the design of PSD strategies at country/ regional level and for the programming
<b>I-2.2.3</b>	Commission staff expressed the view that the guidance provided was appropriate
<b>GENERAL</b>	
<b>JC 2.3</b>	<b><i>The PSD strategies and programming of the Commission took into account the national/regional priorities</i></b>
<b>Findings at JC level</b>	
<b>I-2.3.1</b>	The Commission conducted a policy dialogue with national authorities on PSD strategies
<b>I-2.3.2</b>	CSPs/RSPs clearly link the Commission PSD support to national/regional overall and PSD specific strategies and programming
<b>I-2.3.3</b>	Stakeholders consider that Commission support to PSD is aligned to the overall and sector specific national priorities
<b>GENERAL</b>	Commission representatives underlined that the strategy of the country itself is the basis (MN 501). PSD should be an axis of the country strategy and part of the Government's priorities. In ENPI things are slightly different as there the Commission has joint action plans with the country. At a general level, PSD is recognised as a means to target poverty reduction. The focus on MSMEs, the analysis of job creation opportunities concern more directly poverty reduction. The choice between employment creation versus choosing potential growth partners comes from the poverty reduction strategy papers  With respect to the MEDA region (MN 603), one cannot say that there is not a specific PSD strategy for the region. But needs are so broad in the region that what is being done will be useful.
<b>JC 2.4</b>	<b><i>The potential VA of the Commission geared its decisions on the nature of the support it would provide</i></b>
<b>Findings at JC level</b>	
<b>I-2.4.1</b>	Types of potential VA the Commission considered it could offer when providing

	support to PSD (as attested for instance by overall documents on the Commission's PSD strategy)
	Commission representatives (MN 501) explained that an overall statement on EC Value Added with respect to support to PSD is not really available and not easy to make. There are also differences between regions in this respect. They considered that policy dialogue might be considered as an exception, as the Commission has some traction in this area, a "convening power" that is an AV across all regions. Another exception is the fact that the Commission provides grants that can be blended with loans. There is in this respect a clear division of labour between the Commission and financing institutions that provide loans and equity participation.
<b>I-2.4.2</b>	Overall approach of the Commission to ensure that its PSD support would be geared, among other things, by its potential VA
<b>I-2.4.3</b>	References in strategy documents at country/ regional level to the potential VA of the Commission when providing support to PSD
<b>I-2.4.4</b>	Stakeholders consider that the Commission's country and regional strategies took into account the Commission's potential VA and are able to identify such VA
<b>GENERAL</b>	
<b>JC 2.5</b>	<i>The potential synergies of the Commission with other actors and other types of Commission support geared its decisions on the nature of the support it would provide.</i>
<b>Findings at JC level</b>	
<b>I-2.5.1</b>	Commission documents that lay down the overall (not country specific) PSD strategy of the Commission require that the Commission PSD strategies and interventions are chosen on the basis of, among other things, synergies with support provided by other actors or other types of Commission support
<b>I-2.5.2</b>	CSPs/RSPs and programming documents highlight synergies with support provided by other actors or other types of Commission support
<b>I-2.5.3</b>	Stakeholders consider that synergies with support provided by other actors or other types of Commission support been a key criterion for deciding on the nature of the support to be provided
	During interviews at Commission HQ (MN 501) it was explained that the Commission takes into account what other actors are doing in the field of PSD. This might lead to the Commission not intervening in the sector if needs are already covered.  It was also underlined that linkages between the EIB activities and those of DEVCO are weak (MN 505), whereas matching DEVCO demand side work with EIB (or other donors such as IFC for instance) supply side work could be a good way to proceed. The view that there is a huge potential for blending was also

	expressed. The Commission is also often a donor (MN 503) that intervenes in areas where other donors were not present or where they were present but more assistance was needed.
<b>JC 2.6</b>	<b><i>The Commission's PSD strategies and programming were clearly prioritised and part of a wider Commission strategy in the country/region</i></b>
<b>Findings at JC level</b>	
<b>I-2.6.1</b>	Commission strategy/programming documents explain how the Commission's PSD strategy fits into the wider Commission's country/regional strategies and priorities
<b>I-2.6.2</b>	Commission strategy/programming documents explain how the Commission's have been prioritised with regard to the PSD needs of the country
<b>I-2.6.3</b>	Stakeholders consider that the Commission's PSD support was part of a wider prioritised approach of the Commission in the country/region as well as prioritised with respect to PSD need of the country
<b>I-2.6.4</b>	A methodological procedure has been adopted for selecting areas of intervention per country, as per the 2005 Evaluation Recommendation RI-1, including: an assessment of priority needs; selection of interventions with Commission comparative advantage; and an assessment of whether pre-conditions of intervention are met
<b>GENERAL</b>	
<b>JC 2.7</b>	<b><i>The Commission designed its PSD support so as to promote gender equality, good governance, and combat environmental degradation and HIV</i></b>
<b>Findings at JC level</b>	
<b>I-2.7.1</b>	Commission strategy/programming documents explain how the Commission's PSD strategy and specific intervention will contribute to the above mentioned crosscutting issues
<b>I-2.7.2</b>	Stakeholders consider that when designing its support, the Commission took into account the above mentioned cross-cutting issues
<b>GENERAL</b>	Commission interviewees (MN 501) explained that cross-cutting issues are taken into account in the action fiches: gender, environment, governance, social issues (in this case, decent work). But little further action is taken on cross cutting issues and little is done in terms of monitoring the impact of cross cutting issues. It is a bit of a formality and not so much embedded in the interventions. It is also not

	<p>clear to what extent it is part of the Government strategies. This might be explained by the fact that it is not so clear how these elements should be taken into account during implementation. Initiatives are taken to enhance the taking into account of these issues, notably through a presentation made by the PSD Unit on this issue during a training session.</p>
<b>JC 2.8</b>	<b><i>The Commission PSD activities have contributed to the decent work agenda and/or the improvement of core labour standards and rights of the worker</i></b>
<b>Findings at JC level</b>	
<b>I-2.8.1</b>	EC macro-economic and policy interventions targeted the decent work agenda and/or improvement of core labour standards and social governance in beneficiary countries during the evaluation period
	Commission interviewees underlined (MN 501) that there is not really a systematic approach towards this issue. It comes under corporate social responsibility (CSR) aspect of action fiches, but the issue is more tackled by the Unit dealing with employment than those dealing with PSD. Decent work is a cross cutting issue rather than an objective in itself.
<b>I-2.8.2</b>	Regulations passed on core labour standards and/or social governance in beneficiary countries during the evaluation period
<b>GENERAL</b>	

<b>EQ 3</b>	<b>To what extent did the set of Commission instruments and financing modalities for supporting PSD strategies and activities of partner countries and regions result in the provision of timely responses at a reasonable cost to the challenges faced by the private sector in third countries, while fostering synergies among each other and with instruments offered by other actors?</b>
<b>Other relevant information (not captured elsewhere)</b>	
<b>JC 3.1</b>	<i>The set of instruments/modalities developed by the Commission at <u>general level</u> to support partner country PSD strategies and activities aimed at covering the range of challenges faced by the private sector in third countries, while bearing in mind efficiency and synergies</i>
<b>Findings at JC level</b>	
<b>I-3.1.1</b>	Documents outlining the rationale of each modality/ instrument with respect to PSD identify the specific challenges to which it should respond
<b>I-3.1.2</b>	Commission documents explain how the <u>set</u> of instruments/modalities covers the needs of the private sector in a comprehensive manner, while fostering efficiency and synergies
<b>I-3.1.3</b>	Stakeholders consider that the Commission's set of instruments was designed with a view to tackle challenges while fostering efficiency and synergies
	<p>Commission representatives (MN 501) explained that in terms of new instruments, there is now a specific unit dealing with innovative financial instruments, which deals with blending mechanisms. The following problems also with respect to instruments:</p> <ul style="list-style-type: none"> <li>- Often the procedures are too lengthy and cumbersome, with heavy transparency procedures in particular, to facilitate participation of private sector actors.</li> <li>- Competition is also an impediment: they always need to be aware of creating market distortions, which can sometimes stop them from acting where other donors would have gone ahead.</li> </ul> <p>The programmes that they have are appreciated by beneficiaries, and are accessible. But it is difficult to judge whether they are the most efficient way to implement available.</p> <p>On the rationale behind the co-existence in the aid architecture for PSD of centralised and decentralised operations several elements were mentioned by interviewees (see for instance MN 503):</p> <ul style="list-style-type: none"> <li>- There are limitations to implementing PSD support at country level. First the structure set up of defining two priority sectors in NIPs gives problems for the fringe sectors. PSD is a focal sector only in a limited number of countries. Support to PSD for other countries has then to come via the non-state actor line, which is limited to 10% of the NIP. Thus, PSD struggles at the country level, which might change in the 11<sup>th</sup></li> </ul>

	<p>EDF, where more flexibility will be given to sector focus</p> <ul style="list-style-type: none"> <li>- A more pragmatic reason invoked is that a number of these operations have not been decentralised yet</li> <li>- Also the rationale behind the set-up of specific operations (e.g. ProInvest, BizClim is that they wanted to target specific issues.</li> </ul> <p>Some interviewees also questioned the rationale (MN 505) for having centralised operations. These operations are not articulated with country programmes, and probably they do not have to be. They can nevertheless help to develop critical mass for supporting capacities and they can also be useful to contribute to blending mechanisms. In the cases where they operate however in countries where PSD capacity is low, the sustainability of these activities is questionable. PMUs in these cases have limited knowledge of the local context, which makes operations irrelevant.</p> <p>On FEMIP (MN 603): this term groups the whole of EIB activities in the MEDA region (including those financed on EIB own resources, guaranteed by the Commission through the Community budget). The Commission is providing “support to FEMIP” (this is the expression that should always be used to designate Commission intervention in FEMIP), which encompasses grants financed through MEDA and later on ENPI. Under MEDA, the support to FEMIP had the monopoly of banking activities with the EIB. The ENPI regulation has changed that. They put into place the Neighbourhood Investment Facility (NIF), while maintaining the FEMIP. At the start the idea was to do the same as with FEMIP but with Eastern countries but in the end it applies to both regions. Actually NIF is broader than FEMIP as it can also work with other financial institutions such as KfW, AFD etc. By broadening the range of actors they actually also broadened the range of subjects they are working on and the type of cooperation with the private sector. The EIB is much focused on Investment Funds: e.g. you cannot lend to local banks. Moreover the NIF can also develop more risk instruments and it has been created by the Commission, which led to more coordination with other donors.</p> <p>More generally in terms of collaboration (MN 603) discussions are ongoing to put in place a platform that will group the Commission the EEAS, MS, EIB and other IFIs to discuss blending and allow cross-feeding, notably with the European experience and what financial institutions are doing in third countries. The idea is to have a place to discuss policy and strategy issues per region and per sector. This dialogue should not be linked to financial operations financed by regional investment facilities. But it is still at the project phase and different participants may have different views.</p>
<b>JC 3.2</b>	<b><i>When designing its support for partner country PSD strategies and activities in specific countries/regions, the Commission's choice of instruments/modalities was geared towards the specificity of challenges, the expected efficiency and the potential synergies with other instruments/modalities</i></b>
<b>Findings at JC level</b>	
<b>I-3.2.1</b>	Justification of the choice of instruments in strategy and programming documents



	at country/regional level
I-3.2.2	Justification of the choice provided by Commission representatives
GENERAL	
<i>JC 3.3</i>	<i>The level at which the Commission intervened (national, regional, supra-regional) was appropriate to meet the specific challenges in terms of PSD</i>
Findings at JC level	
I-3.3.1	Strategy and programming documents show evidence that the intervention level was selected on the basis of a consideration of the challenges being addressed.
I-3.3.2	Stakeholders consider that the selection of intervention levels made by the Commission across the board of its PSD interventions, has been appropriate to the challenges being addressed
	<p>With respect to the shift to regional envelopes (see I-3.3.3 below), it was mentioned (MN 503) that one of the important problems was that regional communities (SADC, ECOWAS, etc.) lacked absorption capacity. This also applied to MERCOSUR, ASEAN (MN 505). At the end of 2011, commitment levels (i.e. when a financing agreement has been signed) were around 15-20% only (higher for the Caribbean and the Pacific). Intra-ACP commitment levels were around 86%. Questions were also raised about the knowledge of the private sector within these communities.</p> <p>Another expressed view was that decentralisation should not take place if the capacity is not there. In that case it can be better to keep these programmes centralised (but one of the problems of the centralised operations is there very short lifespan). It was also mentioned (MN 505) that in case the capacities at country level are not there, moving up to the regional level does not necessarily help.</p>
I-3.3.3	Stakeholders consider that the selection of intervention levels made by the Commission has enabled synergies and cross-fertilisation to develop between countries and regions.
	<p>It appears from interviews (MN 503) that from the 9<sup>th</sup> to the 10<sup>th</sup> EDF, policy shifted to put activities closer to beneficiaries. As an example, the Intra ACP enveloped evolved from more that €600m under the 9<sup>th</sup> EDF to €100m in the 10<sup>th</sup> EDF. But in the meanwhile, the regional envelopes increased by a similar amount: €200m in the 9<sup>th</sup> EDF and €900m in the 10<sup>th</sup> EDF. In other words the transfer went from intra ACP to regional. This shift went to regional and not country envelope for reasons explained under I-1.3.1.</p>
<i>JC 3.4</i>	<i>The implementation showed that instruments/modalities were appropriate to tackle challenges and to do so efficiently and in synergy with other instruments</i>
Findings at JC	

<b>level</b>	
<b>I-3.4.1</b>	Evidence provided in reports on the support concerning the appropriateness of instruments/modalities, their efficiency and synergies with other instruments/modalities
<b>I-3.4.2</b>	Stakeholders consider that instruments (specific instruments and/or the set of instruments) were appropriate and enhanced efficiency and synergies
<b>GENERAL</b>	Commission representatives met (MN855) underlined that Budget Support was not available in countries where, pre-conditions –macro-economic stability and the existence of a sectoral strategy – did not exist. They considered that staff and time restraints as well as the pressure to disburse were the reasons for the preference for BS as an aid modality for cooperation assistance in general. They also highlighted the fact that the use of BS was not optimal and could be of poor quality, notably as regards the management of risks, and the definition of the indicators in the conditionality matrix .
<b>JC 3.5</b>	<i>Projects were implemented in line with planning, both in terms of timeliness and costs</i>
<b>Findings at JC level</b>	
<b>I-3.5.1</b>	Stakeholders consider that timing and planning do fit requirements of private sector actors
<b>I-3.5.2</b>	Evidence provided in reports on the extent to which planned timing and costs were respected
<b>I-3.5.3</b>	Views of stakeholders on the extent to which planned timing and costs were respected
<b>I-3.5.4</b>	Factors having enhanced or hampered the respect of planning in terms of time and costs as displayed in reports and invoked by stakeholders
<b>GENERAL</b>	

EQ 4	To what extent did the Commission contribute to make the institutional and regulatory framework more conducive to PSD?
Other relevant information (not captured elsewhere)	
<i>JC 4.1</i>	<i>The Commission support was geared to tackling the main institutional and regulatory obstacles to PSD</i>
Findings at JC level	
I-4.1.1	Identification of the main obstacles to PSD in terms of macro-economic environment and institutional and regulatory framework in the country/region in official documents /studies (national strategies or other documents/studies), including both the domestic environment and obstacles to the integration in regional and world economies
I-4.1.2	Commission strategy and programming documents refer to the obstacles mentioned in I-4.1.1 and gear the support to the removal of these obstacles (or justify alternative approaches)
I-4.1.3	The private sector was consulted for determining the priorities for helping remove the main institutional and regulatory obstacles to PSD
I-4.1.4	Stakeholders, and in particular the private sector, consider that Commission support was geared towards priorities for helping remove the main institutional and regulatory obstacles to PSD
I-4.1.5	Number of technical and economic analyses/fora covering major strengths and weaknesses of the private sector in third countries conducted with Commission support or, in the case of pre-existing studies and fora, utilised by the Commission in developing PSD activities targeting regulatory and institutional frameworks.
GENERAL	
<i>JC 4.2</i>	<i>The Commission has had strong policy dialogue on the institutional and regulatory frameworks</i>
Findings at JC level	
I-4.2.1	Number, level and depth of contacts with public authorities
I-4.2.2	Number, level and depth of contacts with other policy actors (e.g. business associations, non-state actors, IMF/WB, other donors)
I-4.2.3	Evidence exists of Commission leadership in or contribution to dialogue with policy actors

I-4.2.4	Evidence exists of Commission contribution to private-public dialogue
GENERAL	
<b>JC 4.3</b>	<b><i>The institutional and regulatory frameworks have been strengthened</i></b>
Findings at JC level	
I-4.3.1	Reports / stakeholders show that new laws and regulations have been issued and are enforced
I-4.3.2	Reports / stakeholders show that required institutions have been created or developed and are operational
I-4.3.3	Evidence exists of Commission role in strengthening of institutional and regulatory frameworks
I-4.3.4	Stakeholders consider that Commission interventions have maximised local government commitment by ensuring they are in line with the government's own agenda, consulting with relevant stakeholders and proposing reforms at the local or sub-national level.
GENERAL	
<b>JC 4.4</b>	<b><i>The strengthening of the institutional and regulatory framework has contributed to the creation, better functioning and growth of enterprises</i></b>
Findings at JC level	
I-4.4.1	Evidence that enterprises have benefited from an improved framework and environment
GENERAL	

EQ 5	To what extent did the Commission contribute to improving access to finance by enterprises?
Other relevant information (not captured elsewhere)	
<i>JC 5.1</i>	<i>The Commission's support was informed by an analysis of the country/region's main constraints in terms of access to finance for enterprises (whether they were primarily on the demand or on the supply side or both)</i>
Findings at JC level	
I-5.1.1	Existence of documented analysis of the countries'/regions main constraints in terms of access to finance (demand and supply side)
I-5.1.2	In its strategy/programming documents the Commission refers to these analyses
I-5.1.3	Stakeholders, in particular from the private sector, consider that the constraints identified are the right ones
	A commission representative explained that the problem is not so much the lack of liquidity, but the capacity of institutions to a) submit dossiers and b) target SMEs. If the capacity is not there, there is no point in focussing on access to finance (MN 505). The question should rather be: how to help the local private sector to improve capacities, the focus should rather be on business environment reforms.
I-5.1.4	The Commission support was geared towards tackling the constraints identified in these analyses
I-5.1.5	Number of Commission interventions in the area of access to finance that have been conducted in cooperation with other financial institutions
GENERAL	
<i>JC 5.2</i>	<i>At the macro-level, the Commission has addressed the constraints in the business environment for larger enterprises and MSMEs to develop</i>
Findings at JC level	
I-5.2.1	Steps were taken to facilitate the creation of formal enterprises, through accessible procedures of registration
I-5.2.2	The Commission has supported the regulatory environment of financial intermediaries to facilitate their lending to, and/or investment in, MSMEs
GENERAL	

<b>JC 5.3</b>	<b><i>Support targeted enterprises that were facing difficulties in obtaining loan and investment funding</i></b>
<b>Findings at JC level</b>	
<b>I-5.3.1</b>	The Commission had a specific approach to identify those enterprises that were facing difficulties in obtaining loan and investment funding
<b>I-5.3.2</b>	The Commission identified the specific constraints these enterprises were facing
<b>I-5.3.3</b>	The Commission support was geared to these enterprises and aimed at tackling their specific constraints, including specifically for MSMEs (core constraints of lack of capitalisation and lack of collateral)
<b>GENERAL</b>	
<b>JC 5.4</b>	<b><i>At the meso-level, the Commission has supported the intermediary organisations supporting enterprises (large and MSMEs)</i></b>
<b>Findings at JC level</b>	
<b>I-5.4.1</b>	Stakeholders consider that the Commission has selected those private sector representative organisations that have a real impact
<b>I-5.4.2</b>	Intermediary Organisations supported by the Commission have, during the period of support, implemented activities designed to increase capacity of private sector enterprises to obtain funding from bank or non-banking institutions
<b>GENERAL</b>	
<b>JC 5.5</b>	<b><i>The ability of enterprises to obtain loan and investment funding has been strengthened</i></b>
<b>Findings at JC level</b>	
<b>I-5.5.1</b>	Improvements in enterprises' capacities to submit bankable dossiers and evidence provided in this respect
<b>I-5.5.2</b>	Improvements in enterprises' accounting practices and evidence provided in this respect
<b>I-5.5.3</b>	Improvements in dealing with enterprises' lack of capitalisation (e.g. through seed money, venture capital) and lack of collateral (e.g. guarantee schemes) and evidence provided in this respect
<b>GENERAL</b>	

<b>JC 5.6</b>	<b><i>Supported financial institutions have improved their ability to mobilise funding and/or act as intermediaries</i></b>
<b>Findings at JC level</b>	
<b>I-5.6.1</b>	Commission strategy and programming documents foresee support for the mobilisation of private funding sources including private savings
<b>I-5.6.2</b>	Commission strategy and programming documents foresee support for more efficient financial markets
<b>I-5.6.3</b>	Central Bank monitoring data show an increase and diversification of private funding sources including private savings
<b>I-5.6.4</b>	Stakeholders consider there is a linkage between the observed evolutions in funding mobilisation and the Commission's support
<b>I-5.6.5</b>	Local financial institutions have improved their mobilisation and intermediation to effectively channel resources and adapt financial services/products to the needs of local enterprises and notably of MSMEs
<b>GENERAL</b>	
<b>JC 5.7</b>	<b><i>Among MSMEs, the Commission has addressed the constraints of micro-enterprises</i></b>
<b>Findings at JC level</b>	
<b>I-5.7.1</b>	The Commission has analysed the specific problems of micro-enterprises in countries of intervention
<b>I-5.7.2</b>	The Commission has addressed the capacity problems of micro-enterprises in terms of submitting bankable financing requests to financial intermediaries
<b>I-5.7.3</b>	The Commission has addressed the capacity problems of micro-enterprises in terms of management capacity, accounting, and transparency
<b>I-5.7.4</b>	Evidence that MSMEs have improved their access to finance and role of the Commission support in this respect
<b>GENERAL</b>	

<b>EQ 6</b>	<b>To what extent did the Commission contribute to a better ability of enterprises, in particular SMEs, to compete and to access technology and new markets?</b>
Other relevant information (not captured elsewhere)	
<i>JC 6.1</i>	<i>The Commission's support, and mainly BDS, was targeted on the basis of an analysis of the main shortcomings of enterprises in terms of competitiveness</i>
Findings at JC level	
I-6.1.1	Existence of documented analysis of the main shortcomings of enterprises in terms of competitiveness, including forward studies and surveys of key sectors or subsectors in regions/countries concerned
I-6.1.2	In its strategy/programming documents the Commission refers to these analyses
I-6.1.3	Stakeholders, in particular from the private sector, consider that the shortcomings identified are the right ones
I-6.1.4	The Commission support was geared towards tackling the shortcomings identified in these analyses
I-6.1.5	A critical mass of enterprises facing competitiveness problems (grouped by sector, or by potential exporting enterprises) has been targeted
I-6.1.6	PSD programming in the area of BDS and non-financial service provision has targeted sustainable reinforcement of the structures and functioning of local markets (as per Recommendation RI-2 of the 2005 Evaluation)
I-6.1.7	Number of BDS interventions aimed at reinforcing local BDS markets versus the number of interventions providing direct BDS services
GENERAL	
<i>JC 6.2</i>	<i>The delivery channels or IOs for this support were appropriate and able to deliver</i>
Findings at JC level	
I-6.2.1	Commission programming documents and stakeholders show that intermediary organisations were selected on the basis of their ability to deliver
I-6.2.2	Monitoring/evaluation reports and/or stakeholders provide evidence that selected intermediary organisations delivered



I-6.2.3	Monitoring/evaluation reports and/or stakeholders provide evidence that key follow-up at the level of intermediary organisations occurred
I-6.2.4	Monitoring/evaluation reports and/or stakeholders provide evidence to show that institutions for business development services have been strengthened in a sustainable manner
GENERAL	
<b>JC 6.3</b>	<b><i>Enterprises that benefited from Commission support have been upgraded and accessed new markets</i></b>
Findings at JC level	
I-6.3.1	Evidence exists of follow-up after cooperation meetings and agreements in terms of upgrading of enterprises (development of skills, know-how, managerial, market knowledge, etc.), and adequate targeting of key sectors
I-6.3.2	Number of business to business cooperation and promotion meetings which gave rise to increased trade exchanges and enhanced export prospects
I-6.3.3	Number of business to business cooperation and promotion meetings which gave rise to durable partnerships enhancing business opportunities and sustainable enterprise prospects
I-6.3.4	Monitoring reports demonstrate a systematic flow of know-how resulting from such activities
GENERAL	
<b>JC 6.4</b>	<b><i>Enterprises that benefited from Commission support have increased their access to technology</i></b>
Findings at JC level	
I-6.4.1	Monitoring reports show that new technology, including European technology, has been mobilised by enterprises in Partner Countries
I-6.4.2	Stakeholders interviews indicate that such technology transfers has heightened their competitiveness
I-6.4.3	Monitoring reports indicate that the volume of technology transfers has been important for enterprises and relevant target sectors
GENERAL	

EQ 7	To what extent did Commission support contribute to increased cross-border investment in partner countries' private sectors?
Other relevant information (not captured elsewhere)	
<i>JC 7.1</i>	<i>The Commission's support was targeted on the basis of an analysis of the needs of enterprises</i>
Findings at JC level	
I-7.1.1	Enterprises needs analyses provided in regional/country surveys or through other means
I-7.1.2	Evidence in programming documentation on the Commission's knowledge of potential European sources of investment when organising investment promotion activities
I-7.1.3	Elements provided in programming documentation and/or by stakeholders showing that the Commission's support was based on these needs analyses and that the Commission had a prioritised approach in selecting groups of beneficiary enterprises
GENERAL	
<i>JC 7.2</i>	<i>The Commission has supported the development of investment-related intermediary organisations, and these IOs have effectively engaged in investment promotion</i>
Findings at JC level	
I-7.2.1	Number of Investment Promotion Agencies (IPAs) and other investment intermediaries supported
I-7.2.2	Monitoring reports contain evidence of improvements in the performance of IOs in the supply of investment support
I-7.2.3	Number of investment promotion events that gave rise to actual additional investment
GENERAL	
<i>JC 7.3</i>	<i>The Commission has supported investment related business to business meetings &amp; investment promotion events, and these have had identifiable results</i>
Findings at JC level	

I-7.3.1	Number of investment promotion meetings & events organised
I-7.3.2	Monitoring reports contain evidence of investment mobilisation resulting from such events, and stakeholders confirm such results
I-7.3.3	Commission follow-up steps have been taken to enhance the results of investment promotion activities
I-7.3.3	Also see answers to indicators I-6.3.2 and I-6.3.2 above
GENERAL	
<b>JC 7.4</b>	<b><i>Commission support has encouraged FDI</i></b>
Findings at JC level	
I-7.4.1	Reports exist that document the mobilisation of investment flows as a result of Commission support
I-7.4.2	In the absence of actual financial investment, the Commissions reports demonstrate that potential has been created for later investment resulting from business partnerships
GENERAL	
<b>JC 7.5</b>	<b><i>SMEs were adequately targeted by comprehensive provision of investment related services</i></b>
Findings at JC level	
I-7.5.1	Regional and country surveys and studies indicate that SMEs were among the Commission's priorities
I-7.5.2	Intervention documentation evidences that SMEs have been duly targeted
I-7.5.3	Monitoring reports contain evidence of investment mobilisation benefiting SMEs
GENERAL	

EQ 8	To what extent has the Commission PSD support contributed to facilitate the generation of employment?
Other relevant information (not captured elsewhere)	
<i>JC 8.1</i>	<i>The Commission monitors employment effects</i>
Findings at JC level	
I-8.1.1	Description of Commission practices in terms of monitoring of employment effects (e.g. specific indicators defined)
I-8.1.2	Evolution of employment figures included in beneficiary progress reports to Commission
GENERAL	
<i>JC 8.2</i>	<i>Generation of employment has been a concern of the Commission when providing PSD support</i>
Findings at JC level	
I-8.2.1	Commission strategy and programming documents explain how supported interventions will contribute to employment
I-8.2.2	Available reports explain how Commission support aimed at and did contribute to employment
I-8.2.3	Stakeholders consider that Commission interventions aimed at and did contribute to the generation of employment
GENERAL	<p>Commission representatives (MN 501) explained that employment generation is becoming more of a concern, but is not incorporated in all projects. Indicators on job creation are not available in all projects. Projects have short time horizons, so the effects are hard to measure. In the Neighbourhood region: job creation is central, but this is new (although it was also important before). This is a consequence of the Arab spring, it is a demand driven change. There is a difficulty in the segmentation between PSD and employment units. Little is done in terms of monitoring employment effects: there's no follow up monitoring after the project ends.</p> <p>Commission representatives (MN 855) explained that Employment generation was one of two key objectives, with integration in the single European market, of the March 2011 Communication « A new response to a changing Neighbourhood». It was recognised however that the factors of instability which led to the Arab Spring movement in 2011, such as poverty and youth unemployment, already existed over the evaluation period, and were not given the priority, as opposed to trade and economic integration, within PSD support.</p>

<b>JC 8.3</b>	<b><i>Commission support to formalisation of MSMEs has contributed to increased employment opportunities</i></b>
<b>Findings at JC level</b>	
<b>I-8.3.1</b>	Evolution of employment figures within MSME sector in beneficiary countries during evaluation period
<b>I-8.3.2</b>	Number of MSMEs created in beneficiary countries during evaluation period
<b>GENERAL</b>	
<b>JC 8.4</b>	<b><i>Commission SBS has increased private sector employment opportunities in the sectors supported</i></b>
<b>Findings at JC level</b>	
<b>I-8.4.1</b>	Evolution of employment figures in the sectors supported by Commission SBS during evaluation period
<b>GENERAL</b>	
<b>JC 8.5</b>	<b><i>Commission support has contributed to the transition of entrepreneurs from the informal to the formal sector</i></b>
<b>Findings at JC level</b>	
<b>I-8.5.1</b>	Commission strategy and programming documents foresee support for the transition from the informal to the formal sector
<b>I-8.5.2</b>	Improvements in the transition from the informal to the formal sector
<b>GENERAL</b>	

EQ 9	What was the Commission's added-value when providing support to PSD in third countries?
Other relevant information (not captured elsewhere)	
<i>JC 9.1</i>	<i>The Commission PSD strategies were geared towards the provision of Commission-specific benefits, as compared to private sector initiatives, other financing modalities and support provided by other actors</i>
Findings at JC level	
I-9.1.1	Commission documents that lay down the overall (not country specific) PSD strategy of the Commission require that the Commission PSD strategies and interventions are chosen on the basis of, among other things, the specific benefits the Commission can provide
I-9.1.2	CSPs/RSPs and programming documents highlight the specific value added of the Commission support
I-9.1.3	Stakeholders consider that the potential value added of the Commission support has been a key criterion for deciding on the nature of the support to be provided
GENERAL	
<i>JC 9.2</i>	<i>The beneficiaries of Commission PSD support were not in a position to provide or to provide as swiftly and with the same results the support that was provided by the Commission</i>
Findings at JC level	
I-9.2.1	Evidence provided in strategy, programming documents and reports that show that beneficiaries at macro, meso- and micro level were not in a position to provide the support
I-9.2.2	Stakeholders consider that beneficiaries at macro, meso- and micro level were not in a position to provide the support
GENERAL	
<i>JC 9.3</i>	<i>The Commission's grant support had specific benefits</i>
Findings at JC level	
I-9.3.1	Areas of PSD support selected by the Commission are generally not considered as fit for loan funding or for other financing modalities
I-9.2.2	Evidence provided in evaluation/ monitoring reports on the value added of the Commission through blending grant funding with other modes and sources of

	funding
I-9.2.3	Stakeholders consider that the Commission had value added through blending grant funding with other modes and sources of funding
I-9.2.4	Elements provided in strategy, programming documents, and reports that show other specific benefits of grant funding for the interventions
I-9.3.5	Stakeholders are able to show other specific benefits of the grant funding for the PSD support provided
GENERAL	
JC 9.4	<i>The Commission had a specific value added compared to the support provided by other public actors, in particular but not only EU MS</i>
Findings at JC level	
I-9.4.1	Documents show and stakeholders consider that the Commission's support at country and/or intervention level was of significant financial weight compared to the support provided by other actors
I-9.4.2	Documents show and stakeholders consider that the Commission provided a technical expertise that could not be provided by other actors (to the extent possible to be broken down by area of intervention)
I-9.4.3	Documents show and stakeholders consider that the Commission infused EU best practice and standards through its support
I-9.4.4	Documents show and stakeholders consider that the Commission's procedures offered advantages compared to those of other actors
I-9.4.5	Documents show and stakeholders consider that the fact that the support was provided by the Commission as representing the EU offered specific advantages
I-9.4.6	Documents show and stakeholders consider provide examples of other types of VA
GENERAL	Commission representatives met (MN855) considered that an AV was the EUDs role in federate a political dialogue with different EU MS development agencies.
	Commission representatives met (MN855) considered that as regards Mediterranean countries, an AV was the political relationship built with them.

<b>EQ 10</b>	<b>To what extent were the Commission's organisational set-up and management practices fit to a successful implementation of its PSD support?</b>
<b>Other relevant information (not captured elsewhere)</b>	
<b>JC 10.1</b>	<b><i>The devolution facilitated the implementation of the Commission PSD support</i></b>
<b>Findings at JC level</b>	
<b>I-10.1.1</b>	Stakeholders provide evidence that the devolution to delegations contributed to facilitating to the implementation of PSD support (e.g. better knowledge of local needs/priorities, better interaction with local stakeholders, notably of the private sector, etc.)
<b>I-10.1.2</b>	Stakeholders do not consider that there were major drawbacks of the devolution to delegations in terms of PSD support (e.g. less direct linkages with the European private sector, less coherence in the approach, etc.)
<b>I-10.1.3</b>	Stakeholders, such as major private sector operators in countries, are of the view that the EU Delegations make efforts to understand the private sector fabric and its constraints
<b>GENERAL</b>	Commission representatives met (MN855) considered that before the devolution, a real pool of thematic (non-PSD specific) experts existed at HQ but with the pressure from EU MS to limit the size of the Commission, whereby it externalized a number of tasks, including technical ones and whereby EUD staff mostly <i>manage</i> projects rather than working on their technical aspects. .
<b>JC 10.2</b>	<b><i>The division of responsibilities between different DGs did not hamper an optimal implementation of the Commission's PSD support in the different countries'/regions concerned</i></b>
<b>Findings at JC level</b>	
<b>I-10.2.1</b>	The Commission had formal mechanisms to ensure collaboration between its different DGs involved with PSD related matters, including in terms of transfer of knowledge on PSD support within and outside the EU
<b>I-10.2.2</b>	Stakeholders consider that Commission support in third countries has benefited from general PSD knowledge and networks present within the Commission
<b>GENERAL</b>	In terms of division of responsibilities between DGs interviewees (MN 501) mentioned that mechanisms are in place for coordination: inter service groups, policy coherence for development and examples of coordination between Trade, DEV and Sanco. Other DGs (MN 505) are also invited to the internal quality support process, but they are often not present as this does not really fall within their mandate.



	<p>Another interviewee (MN 506) explained that different DGs according to their mandate approach things from different perspectives. As an example, DG Enterprise is mainly involved with Third Countries in terms of access to markets rather than developing the private sector in those countries. It was also underlined that although there was interaction, this remained rather at the level of consultations without a thorough and sustained interaction. There would however probably be a scope for more sustained interaction for instance between DG DEVCO and DG ENTR: this could for instance be done through a pilot project that would focus on one country. It was also stated that institutionalisation of interaction between DEVCO and ENTR should take place at the lowest level possible, where knowledge can really be transferred. Some knowledge gained by DGs like DG ENTR or TRADE might indeed be valuable such as for instance their competence in trade policy, knowledge on tariffs and export procedures, on single market standards. This is the kind of knowledge national chambers of commerce cannot provide.</p> <p>Another mentioned that coordination between DG ENTR and DG AIDCO and EUDs was limited over 2004-2010 and has substantially improved recently. Whilst DG ENTR's mandate has been to carry <b>out policy dialogue</b> at regional level with Mediterranean countries with a view to convincing Mediterranean countries to act in the global economy, the external services DGs have provided TA and financial assistance to those countries. No financial programmes were managed by DG ENTR. Interaction between AIDCO/EUD and DG ENTR was therefore limited to:</p> <ul style="list-style-type: none"> <li>▪ Using AIDCO-funded TA and financial support to organise those high-level bi-annual policy dialogue meetings, which were co-chaired by AIDCO.</li> <li>▪ Inviting RELEX and AIDCO to present the results of their regional and bilateral support programmes at those high-level policy coordination meetings</li> </ul> <p>Coordination was not institutionalised but dependent on personal contacts.</p> <p>Effects of the lack of coordination between DG ENTR's actions at policy dialogue level and DG AIDCO and EUD-managed PSD assistance– it was reported that policy dialogue conducted by DG ENTR, and the needs identified in the course of it, would have gained from being followed-up by concrete actions and funding, as provided by DG AIDCO/EUDs, in order to maintain commitment from beneficiary countries. Considering the seniority of the participant to DG ENTR-organized-ministerial meetings, and their ability to create commitment, it was considered important to maintain commitment. E.g due to seniority of participants from partner countries, some programmes could be substantially revised, e.g. Medibikar (regional prog.). This was an important output.</p> <p>Notable improvements in coordination across DGs were highlighted due to the maturing of the EEAS and involvement from top management, as well as coordination by SECGEN. The Arab Spring was reported as key in creating this momentum to improve coordination.</p>
<b>JC 10.3</b>	<b><i>The Commissions' HR policy was conducive to an optimal design and implementation of its PSD support</i></b>
<b>Findings at JC</b>	

level	
<b>I-10.3.1</b>	Existence of a specific HR policy for the management of Commission support to PSD in third countries
	In some interviews (e.g. 503) it was mentioned that changing jobs every five years does not lead to a culture of building up expertise. The Commission works most of the time with generalists, not specialists.
<b>I-10.2.2</b>	Existence of sufficient dedicated staff specialised in PSD matters both at HQ and Delegation level
	<p>Commission interviews mentioned (MN 501) that there are a number of cases where EUDs don't have specific PSD experts.</p> <p>It was also mentioned (MN 503) that devolution means that the EC lacks technical capacity. They cannot have a PSD Unit in every EUD. Instead the Commission have the C4 thematic unit as well as some expertise in each of the regional programmes. There is a will though to build up thematic expertise.</p>
<b>I-10.2.3</b>	Existence of specialised PSD trainings for staff in charge of PSD matters
	<p>Commission interviewees at HQ (MN 501) explain that Training was revised in 2008: originally, there was online plus face to face training. They used to focus on Trade related assistance. The 2008 revision then refocused on PSD and linkages. They also underlined that training posed some difficulties notably in terms of attendance at training, lack of budget for sending EUD staff to training missions.</p>
	<p>Commission representatives met (MN 855) reported that they had contacted DEVCO thematic unit in the course of project formulation, notably in order to find out whether similar projects had been conducted in other countries, however but considered that expertise in the matter was not on a par to the WB or IFC. When specific expertise was required, DEVCO/EUDs generally called on external consultants rather than on in-house experts. Some exchanges of information between EUDs in the same region were also reported.</p>
<b>I-10.2.4</b>	Staff in charge of the Commission's PSD support is conversant with PSD constraints, and are well aware of the strategy and guidance documents, as well as of specific tools developed by the Commission for implementation
<b>I-10.3.5</b>	Stakeholders consider that Commission HR policy was a strength/weakness of PSD support
	<p>A stakeholder explained (MN 505) that capacity on PSD within the Commission in 2005 and shortly after that was "close to zero". Since then, training modules have been set up, efforts have been made to ensure PSD capacity development etc. Also in EUDs capacity was limited. Capacity development was described as "haphazard", no real systematic approach to develop PSD capacity, including in EUDs.</p>
	<p>Commission representatives met (MN 855) considered that institutional memory on PSD projects was weak, partly due to the fact that most projects are formulated by external consultants, and secondly that career paths were changeable and staff could be staffed in very different thematic units in the course of their careers.</p>

<b>JC 10.4</b>	<b><i>The Commission developed and used specific tools and guidance to facilitate the design and implementation of its PSD support</i></b>
<b>Findings at JC level</b>	
<b>I-10.4.1</b>	Description of available tools and guidance for the Commission support to PSD
<b>I-10.4.2</b>	Knowledge and use of these tools and guidance by Commission staff in charge of support to PSD
<b>I-10.4.3</b>	Commission staff expressed the view that these tools and guidance were useful
<b>GENERAL</b>	
	Commission representatives met (MN 855) considered that PSD guidelines are useful but don't capitalize enough on project results over a certain period of time and in a certain region, to be able to understand what worked and what did not
<b>JC 10.5</b>	<b><i>The Commission monitored/evaluated its support to PSD and used and disseminated the results</i></b>
<b>Findings at JC level</b>	
<b>I-10.5.1</b>	The Commission developed specific systems and sets of indicators to monitor and evaluate its support to PSD both at HQ and country level
<b>I-10.5.2</b>	The above mentioned monitor/evaluation systems were operational
<b>I-10.5.3</b>	The results of the monitoring and evaluations were disseminated and used to redirect strategies and programming
<b>I-10.5.4</b>	Stakeholders consider that monitoring and evaluation systems were useful to improve design and implementation of the PSD support
<b>GENERAL</b>	
<b>JC 10.6</b>	<b><i>The Commission developed and used specific mechanisms to ensure capitalisation and sharing of its knowledge with respect to PSD</i></b>
<b>Findings at JC level</b>	
<b>I-10.6.1</b>	Description of existing mechanisms (networks, working groups, etc.) to ensure capitalisation of Commission knowledge on PSD both among Commission staff concerned with implementation of PSD support inside and outside the EU
<b>I-10.6.2</b>	Knowledge and involvement of staff concerned with PSD support in third countries with these mechanisms
<b>I-10.6.3</b>	Stakeholders expressed the view that these mechanisms are useful, with specific

	results generated and possible drawbacks
<p><b>GENERAL</b></p>	<p>Interviewees (MN 501) explained that some exchanges take place, e.g. other DGs are present in the joint EU-AU groups. In the neighbourhood policy there is the convergence agenda: many EU programmes are open for partner countries, which means there is a lot of knowledge transfer from other DGs. This said, other DGs often have an EU centred approach, without awareness of third countries.</p> <p>Information exchange is an informal process, done through the people involved. It might be beneficial to have a more formal process, that would help a) new staff and b) answering requests from EUDs on good practices etc.</p> <p>Furthermore not enough is done in terms of channelling information on the results of programmes. The number of countries, programmes, budget is just too large for one person to follow up. There are also several programmes where there are no evaluations due to lack of resources.</p> <p>Interviewees (MN854) mentioned that DG ENTR's participation to an external services' iQSG or to an inter-services group rarely occurred over the period 2004-2010 and was only very recent. Exchange of information between DGs over the same partner regions was dependent on individual's initiative, not institutionalised way of operating. Sometimes alternative forms of support were found, e.g , through the TAIEX instrument managed by DG, for MEDA countries.</p>

## Data Collection Grid

<b>EQ 1</b>	<b>To what extent did the Commission's PSD strategy and programming take into account the recommendations of the 2005 evaluation and the evolution of the overall private sector environment?</b>
<b>JC 1.1</b>	<b><i>The Commission undertook efforts to make sure that the recommendations of the 2005 Evaluation were taken into account</i></b>
<b>I-1.1.1</b>	Existence of a plan or specific approach for the dissemination of the Recommendations to those responsible for programming and design of interventions
<b>I-1.1.2</b>	Evidence of dissemination of the recommendations to those responsible for programming and design of interventions
<b>I-1.1.3</b>	Commission staff were conversant with the 2005 Evaluation or with the recommendations made in this evaluation
<b>GENERAL</b>	
<b>JC 1.2</b>	<b><i>Specific recommendations of the 2005 evaluation relating to the Commission's overall PSD Strategy have been taken into account</i></b>
<b>I-1.2.1</b>	Evidence of greater clarity at programming level regarding the role of the Commission in PSD (particularly including the link between PSD, economic growth, the development objectives and poverty reduction)
<b>I-1.2.2</b>	Evidence of a process taking place to create a common vision of the Commission's PSD between HQ and EUD levels
<b>I-1.2.3</b>	Commission programming has prioritised the areas of highest Commission comparative advantage as described by the 2005 evaluation recommendation RS-2
<b>GENERAL</b>	
<b>JC 1.3</b>	<b><i>The Commission is aware, through studies and exchanges with other sources of aid for PSD, of the evolution of the private sector environment</i></b>
<b>I-1.3.1</b>	Existence of Commission documents evidencing awareness of the evolution of the private sector environment
<b>I-1.3.2</b>	Stakeholders report existence of dialogue with other sources of aid for PSD concerning the evolution of the private sector environment
<b>I-1.3.3</b>	Evidence exists that the private sector environment has been taken into account in the Commission's PSD strategies and programming at country/regional level
<b>JORDAN</b>	An EIB staff member mentioned that the EIB is active in Jordan (e.g. portfolio guarantee system, PPPs), that they know more the financial sector than the EC (the EIB is for instance doing now a full review of the banking sector), but that they don't have much contact with the EC (more with national actors): e.g. <i>"Venture capital initiative in Jordan (EC and EIB)? To be honest I don't know much of this. We are project-oriented. On this we know more on talking with the Gov and the lenders than from Brussels..."</i> Source: MN 111

<b>JC 1.4</b>	<b><i>Policy documents and surveys relating to PSD and the quality of aid have been taken into account by the Commission</i></b>
<b>I-1.4.1</b>	Documents show that new policy recommendations have been taken into account
<b>I-1.4.2</b>	Stakeholders report existence of internal dialogue or other process(es) that take into account new policy recommendations regarding quality of PSD aid
<b>GENERAL</b>	

<b>EQ 2</b>	<b>To what extent was Commission support to PSD in partner countries part of a strategic approach geared to the overall objectives of EU External Policy, while aligning with the priorities of the country/region and maximizing its VA, including in terms of synergies with other actors and other types of Commission support?</b>
<b>JC 2.1</b>	<b><i>Commission geared PSD support towards overall EU external policy objectives</i></b>
<b>I-2.1.1</b>	Relation between overall EU external policy objectives and Commission PSD support is explicitly identified in Commission policy documentation
<b>I-2.1.2</b>	Programming documentation explicitly relates PSD interventions to overall EU external policy objectives
<b>I-2.1.3</b>	Stakeholders consider that Commission PSD support has contributed to the achievement of overall EU external policy objectives
<b>GENERAL</b>	Closer alignment of EIB mandate lending with EC policy objectives now: An EIB staff member mentioned that the European Parliament went to the European Court of Justice to make sure that development impact be inscribed as the EIB's mere objective for its External mandate (previously just economic cooperation). They won. It resulted in a compromise. The pressure came reportedly mainly from NGOs and the like, not really from EU MS <i>"which would be reluctant to see the EIB become more a development institution. EIB is not a development bank but an investment bank"</i> . <i>"Most of Camdessus recommendations have been abandoned (e.g. EIB subsidiary for development banking, EIB human resources increase, etc.)"</i> . Source: MN 118
<b>JC 2.2</b>	<b><i>The Commission applied explicit policies and guidelines to make sure that its support to PSD was part of a strategic approach</i></b>
<b>I-2.2.1</b>	Existence of policy documents and guidelines that explicitly tackle the importance of a strategic (prioritised) approach towards PSD alongside the different dimensions mentioned
<b>I-2.2.2</b>	These policies and guidelines were utilised for the design of PSD strategies at country/ regional level and for the programming
<b>I-2.2.3</b>	Commission staff expressed the view that the guidance provided was appropriate
<b>GENERAL</b>	
<b>JC 2.3</b>	<b><i>The PSD strategies and programming of the Commission took into account the national/regional priorities</i></b>
<b>I-2.3.1</b>	The Commission conducted a policy dialogue with national authorities on PSD strategies
<b>I-2.3.2</b>	CSPs/RSPs clearly link the Commission PSD support to national/regional overall and PSD specific strategies and programming
<b>I-2.3.3</b>	Stakeholders consider that Commission support to PSD is aligned to the overall and sector specific national priorities
<b>UKRAINE</b>	An EIB staff member mentioned (as EC staff members did in other meetings) that <i>"in Ukraine it is difficult to do anything in the private sector"</i> . <i>"Corruption etc.</i>

	Too close links between public and private sectors. Difficult market, although huge.” Source: MN 111
<b>JC 2.4</b>	<b><i>The potential VA of the Commission geared its decisions on the nature of the support it would provide</i></b>
<b>I-2.4.1</b>	Types of potential VA the Commission considered it could offer when providing support to PSD (as attested for instance by overall documents on the Commission’s PSD strategy)
<b>I-2.4.2</b>	Overall approach of the Commission to ensure that its PSD support would be geared, among other things, by its potential VA
<b>I-2.4.3</b>	References in strategy documents at country/ regional level to the potential VA of the Commission when providing support to PSD
<b>I-2.4.4</b>	Stakeholders consider that the Commission’s country and regional strategies took into account the Commission’s potential VA and are able to identify such VA
<b>GENERAL</b>	
<b>JC 2.5</b>	<b><i>The potential synergies of the Commission with other actors and other types of Commission support geared its decisions on the nature of the support it would provide.</i></b>
<b>I-2.5.1</b>	Commission documents that lay down the overall (not country specific) PSD strategy of the Commission require that the Commission PSD strategies and interventions are chosen on the basis of, among other things, synergies with support provided by other actors or other types of Commission support
<b>I-2.5.2</b>	CSPs/RSPs and programming documents highlight synergies with support provided by other actors or other types of Commission support
<b>I-2.5.3</b>	Stakeholders consider that synergies with support provided by other actors or other types of Commission support been a key criterion for deciding on the nature of the support to be provided
<b>GENERAL</b>	An EIB staff member mentioned that the EIB is not the EC’s privileged partner anymore with regard to investment facilities: <i>“Recent trend with the NIF/LAIF/ etc: EIB is not anymore a privileged partner for the EC. These facilities are open to AFD, KfW, EBRD, etc. They will also reportedly be open for participation of IFC and other non-EU actors. EIB staff members noted hereby that the EIB is in an uncomfortable situation in the sense that it is on one hand, in a ‘competitive’ position while it is bound to EU external policies and their limitations, and on the other hand these other actors are looking for the EIB to take a coordination role for dealing with the EC procedures, i.e. the difficult part.”</i> Source: MN 111
<b>JORDAN</b>	An EIB staff member mentioned that the EIB is active in Jordan (e.g. portfolio guarantee system, PPPs), that they know more the financial sector than the EC (the EIB is for instance doing now a full review of the banking sector), but that they don’t have much contact with the EC (more with national actors): e.g. <i>“Venture capital initiative in Jordan (EC and EIB)? To be honest I don’t know much of this. We are project-oriented. On this we know more on talking with the Gov and the lenders than from Brussels...”</i> Source: MN 111
<b>UKRAINE</b>	An EIB staff member mentioned that the EIB has a good cooperation with the EC in Eastern-Neighbourhood countries: <i>“Generally a very good cooperation with</i>



	EU Delegations and EEAS. In Ukraine and in other countries. Obviously the EC and EIB have more to do in the public sector, but also in private sector. Now NIF on support to SMEs. Only €5m so we focused on three banks (Moldova, Armenia and another country). First loss absorption scheme and IRS for SMES.
<b>JC 2.6</b>	<b><i>The Commission's PSD strategies and programming were clearly prioritised and part of a wider Commission strategy in the country/region</i></b>
<b>I-2.6.1</b>	Commission strategy/programming documents explain how the Commission's PSD strategy fits into the wider Commission's country/regional strategies and priorities
<b>I-2.6.2</b>	Commission strategy/programming documents explain how the Commission's have been prioritised with regard to the PSD needs of the country
<b>I-2.6.3</b>	Stakeholders consider that the Commission's PSD support was part of a wider prioritised approach of the Commission in the country/region as well as prioritised with respect to PSD need of the country
<b>I-2.6.4</b>	A methodological procedure has been adopted for selecting areas of intervention per country, as per the 2005 Evaluation Recommendation RI-1, including: an assessment of priority needs; selection of interventions with Commission comparative advantage; and an assessment of whether pre-conditions of intervention are met
<b>GENERAL</b>	The EIB has done financial sector reviews at country-level and other studies on access to finance, but are not communicating them to the EC, unless there is a specific demand. Several EC persons interviewed did not know indeed that the EIB was producing such types of analysis. Cf. MN 115, MN 118
<b>JC 2.7</b>	<b><i>The Commission designed its PSD support so as to promote gender equality, good governance, and combat environmental degradation and HIV</i></b>
<b>I-2.7.1</b>	Commission strategy/programming documents explain how the Commission's PSD strategy and specific intervention will contribute to the above mentioned crosscutting issues
<b>I-2.7.2</b>	Stakeholders consider that when designing its support, the Commission took into account the above mentioned cross-cutting issues
<b>GENERAL</b>	
<b>JC 2.8</b>	<b><i>The Commission PSD activities have contributed to the decent work agenda and/or the improvement of core labour standards and rights of the worker</i></b>
<b>I-2.8.1</b>	EC macro-economic and policy interventions targeted the decent work agenda and/or improvement of core labour standards and social governance in beneficiary countries during the evaluation period
<b>I-2.8.2</b>	Regulations passed on core labour standards and/or social governance in beneficiary countries during the evaluation period
<b>GENERAL</b>	

<b>EQ 3</b>	<b>To what extent did the set of Commission instruments and financing modalities for supporting PSD strategies and activities of partner countries and regions result in the provision of timely responses at a reasonable cost to the challenges faced by the private sector in third countries, while fostering synergies among each other and with instruments offered by other actors?</b>
<b>JC 3.1</b>	<b><i>The set of instruments/modalities developed by the Commission at <u>general level</u> to support partner country PSD strategies and activities aimed at covering the range of challenges faced by the private sector in third countries, while bearing in mind efficiency and synergies</i></b>
<b>I-3.1.1</b>	Documents outlining the rationale of each modality/ instrument with respect to PSD identify the specific challenges to which it should respond
<b>I-3.1.2</b>	Commission documents explain how the <u>set</u> of instruments/modalities covers the needs of the private sector in a comprehensive manner, while fostering efficiency and synergies
<b>I-3.1.3</b>	Stakeholders consider that the Commission's set of instruments was designed with a view to tackle challenges while fostering efficiency and synergies
<b>GENERAL</b>	<p><i>Context elements regarding the EIB funding vehicles and the EC's recent investment facilities:</i></p> <p>A senior EU stakeholder considered that the Commission has not taken much action recently on key recommendations from the 2009 Wise Men Report on the EIB's External Lending Mandate and from (ADE's) 2009 Mid-Term Evaluation of the Investment Facility. <i>"Nothing has really changed. They commissioned an interesting study and then filed it."</i> Source: MN 115</p> <p>A senior EIB staff members also confirmed that <i>"Most of Camdessus' Wise Men Report recommendations have been abandoned (e.g. EIB subsidiary for development banking, EIB human resources increase, etc.)"</i> Source: MN 118</p> <p>An EIB staff member noted that <i>"EIB external lending mandates have evolved over the period. E.g. SME A2F added as external mandate in October 2011"</i>. Source: MN 118.</p> <p>An EIB staff member mentioned that the EIB is not the EC's privileged partner anymore with regard to investment facilities: <i>"Recent trend with the NIF/LAIF/ etc: EIB is not anymore a privileged partner for the EC. These facilities are open to AFD, KfW, EBRD, etc. They will also reportedly be open for participation of IFC and other non-EU actors. EIB staff members noted hereby that the EIB is in an uncomfortable situation in the sense that it is on one hand, in a 'competitive' position while it is bound to EU external policies and their limitations, and on the other hand these other actors are looking for the EIB to take a coordination role for dealing with the EC procedures, i.e. the difficult part."</i>Source: MN 111</p> <p>EIB's FEMIP focused on the private sector, incl. employment. An EIB staff member mentioned the following : <i>"FEMIP constituée en 2002, l'idée était de mettre l'accent sur le secteur privé comme vecteur de l'emploi (avant la BEI finançait surtout les infrastructures publiques). C'était le changement. Ceci dit, on n'abandonne pas le secteur public, il faut bien des routes, de l'enseignement professionnel etc.. Sur ressources propres, nous sommes plus qu'avant en appui au secteur privé. Direct ou indirect : (i) Indirect : lignes de crédit PME locales."</i></p>

	<p><i>Par exemple 6e ligne de crédit en faveur des PME. Santé (cliniques privées etc.), tourisme (hôtels, restaurants, etc.) ; (ii) Direct : pas beaucoup. On recherche projets d'une certaine taille, on ne les trouve pas toujours sur le marché. » Source : MN 111</i></p> <p>An EIB staff member mentioned that « <i>Equity fund, lignes de crédit, etc. est quand même gros dans notre portefeuille, en tout cas au Maghreb. Par exemple le projet Renault, ou en Tunisie, où nous en sommes à la 6e ligne de crédit. Toutes les opérations que nous faisons c'est avec les subventions de la CE. » Source. MN 111</i></p>
<b>GENERAL</b>	<p>The EIB-managed investment facilities (FEMIP SF and ACP IF) did not exploit their full potential for responding to needs of beneficiaries, during the evaluation period 2004-2010, as explained in their evaluations. This is confirmed by EIB staff members, which noted the following:</p> <ul style="list-style-type: none"> <li>• “FEMIP : No guarantees during the evaluation period; EIB loan portfolio guarantees introduced recently following IFC/EBRD/AFD initiative.</li> <li>• Neighborhood countries: recent SME investment facility under NIF targeting several neighborhood countries. Strategic initiative of KfW and EBRD.</li> <li>• ACP IF: extremely limited mobilization of instruments such as guarantees during evaluation period. Main reason: EIB had no HR resources to manage a bankable product.</li> <li>• Recent development: possibility of energy guarantee fund to mobilize commercial finance for PPPs (ACP?).</li> <li>• Local currency lending - limitations but possible expansion if blending</li> <li>• RCF in South Africa: particular successful case to be highlighted, EIB provided advisory services to the EC on a cost-recovery basis (no EIB funding involved)”</li> </ul> <p><i>Source: MN 112 and MN 116.</i></p>
<b>JC 3.2</b>	<b><i>When designing its support for partner country PSD strategies and activities in specific countries/regions, the Commission's choice of instruments/modalities was geared towards the specificity of challenges, the expected efficiency and the potential synergies with other instruments/modalities</i></b>
<b>I-3.2.1</b>	Justification of the choice of instruments in strategy and programming documents at country/regional level
<b>I-3.2.2</b>	Justification of the choice provided by Commission representatives
<b>GENERAL</b>	<p>An EIB staff member notes overlaps between FEMIP and the NIF and notes that the EIB was not enthusiastic about the evolution of the types of investment facilities (not managed by EIB anymore, but by EC and open to AFD, KfW, EBRD and the like). Still, the NIF forces cooperation, which is useful:</p> <p><i>“Both the EIB's FEMIP and the NIF can do guarantees, while the NIF would have a role in junior tranches: “Le gros de notre business est fait sur ressources propres dans la zone FEMIP. Fonds CE pour equity ou AT. Approche pays par pays. Nous sommes en train d'étudier des opérations englobant plusieurs pays à la fois. Parce qu'il y a d'autres bailleurs de fonds actifs dans la région, il est donc utile de nous coordonner. Exemple : facilité de garantie. Tunisie, Maroc, Jordanie, Liban, etc. On peut faire de la</i></p>

	<p><i>garantie sur ressources propres. Mais l'idée ici est que la NIF (= CE) intervienne pour une tranche junior. C'est du blending. La FIV permet cela."</i></p> <p><i>"NIF: Risk capital investment: I can see that the mechanisms may work for large-scale infrastructure projects. You can see them coming largely in advance. But for small-scale private sector schemes... Originally, FEMIP and NIF had to be complementary; hence NIF could not do smaller-scale SME schemes. But it did... NIF was certainly not the idea of the EIB, but probably KfW and EBRD with EC."</i></p> <p><i>"NIF forces us to co finance with other banks. Basic rule, I think we need to keep this".</i></p> <p><i>Source: MN 111</i></p>
<b>JC 3.3</b>	<b><i>The level at which the Commission intervened (national, regional, supra-regional) was appropriate to meet the specific challenges in terms of PSD</i></b>
<b>I-3.3.1</b>	Strategy and programming documents show evidence that the intervention level was selected on the basis of a consideration of the challenges being addressed.
<b>I-3.3.2</b>	Stakeholders consider that the selection of intervention levels made by the Commission across the board of its PSD interventions, has been appropriate to the challenges being addressed
<b>I-3.3.3</b>	Stakeholders consider that the selection of intervention levels made by the Commission has enabled synergies and cross-fertilisation to develop between countries and regions.
<b>GENERAL</b>	
<b>JC 3.4</b>	<b><i>The implementation showed that instruments/modalities were appropriate to tackle challenges and to do so efficiently and in synergy with other instruments</i></b>
<b>I-3.4.1</b>	Evidence provided in reports on the support concerning the appropriateness of instruments/modalities, their efficiency and synergies with other instruments/modalities
<b>I-3.4.2</b>	Stakeholders consider that instruments (specific instruments and/or the set of instruments) were appropriate and enhanced efficiency and synergies
<b>GENERAL</b>	<p>See comment from EIB staff member under JC 3.2</p> <p>An EIB staff member further recognised that guarantees are a new instrument to them (although other IFIs have experience in this). <i>Source: MN 111</i></p> <p>An EIB staff member noted that the EC's 5-year programming (through the NIPs) lacked flexibility for PS interventions. <i>Source: MN 111</i></p>
<b>GENERAL</b>	<p>An EIB staff member mentioned that their operations are impacted in Latin America by the current European debt crisis in conjunction with EIB's rules. Indeed, non-sovereign lending requires a (highly rated) third-party guarantee by a financial institution, which often came from Spanish banks, which have now been downgraded.: <i>"Private sector for us in Latin America: we cannot take any commercial risk. Need of level of international rating (A3, before BBB+). Hence no local banks. We worked with several European Banks, but now we are losing the possibility of guarantees given the European banking crisis. Future could be worse for public sector lending."</i></p> <p><i>Source: MN 113</i></p>

GENERAL	<p>EIB staff members mentioned the following on coordination with the EC, which was overall not that strong, with exceptions:</p> <ul style="list-style-type: none"> <li>▪ EIB staff members noted the coordination with the EC was more systematic at the regional level than at the local level (where it is more variable). They also recommended associating the EIB sufficiently upstream at the stage of formulation (CSP/NIP): <i>“Regional envelopes: there we have a kind of dialogue with the Commission. Country envelopes (decided by the EU Delegation): it depends a bit from the task managers whether they want to involve us or not. EC: trend to coordinate better, because similar ideas, etc. so risk of duplication. The EIB’s role is not to do policy, but to follow EU policy from the EC. This year we even explicitly dropped our country strategy, cf. Lisbon strategy, EEAS, new EU Delegations (now EUD, before ECD). We make a choice on how to implement the EC approach in our country, not to have our own strategy. Not the same as the WB. (...) We always discuss with the EC the kind of instruments needed. (...) La CE a une approche budgétaire, que nous n’avons pas, avec un NIP et enveloppe budgétaire. Il serait utile que nous y soyons associés, afin que nous sachions les priorités développées par l’Etat et la CE. Afin pour nous de déterminer notre approche. Il serait utile d’être impliqué, intégré dans cette mécanique, plus en amont (que quand discussions déjà à un stade avancé).»</i> Source : MN 111</li> <li>▪ The EIB has done financial sector reviews at country-level and other studies on access to finance, but are not communicating them to the EC, unless there is a specific demand. Several EC persons interviewed did not know indeed that the EIB was producing such types of analysis. <ul style="list-style-type: none"> <li>○ An EIB staff member noted that during the evaluation period, financial sector strategies were only required in the ACP before undertaking a financial sector operation (progressively). Not in other regions during the 2004-2010 evaluation period. The EIB now wants country strategies, with priorities; to be harmonized with EC. Source: MN 115. Other</li> <li>○ An EIB staff member noted that the EC does not bank on ECON (ex-ESIAF) findings on the enabling environment for the private sector (not provided systematically to the EC). Source: MN 118</li> </ul> </li> <li>▪ Africa Infrastructure Fund an example of good cooperation with the EC + blending)</li> <li>▪ CCI: Environment- in line with EC strategic priorities, EIB more on climate actions</li> <li>▪</li> <li>▪ An EIB staff member reports excellent relationship directly with DEVCO on the EU-Africa TF</li> <li>▪ Latin America: regular meetings with the Delegations in LA and country desks in Brussels. Source: MN 113</li> <li>▪ An EIB staff member working at HQ level on the Mediterranean region noted that he did not know much on what the EC was doing: <i>“Ce que fait la Commission ? Je ne sais pas trop. Mais au Maroc on essaie d’avoir 2x par an</i></li> </ul>
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	<p>une revue du portefeuille. » Source : MN 111</p> <ul style="list-style-type: none"> <li>▪ EIB-EC coordination is an objective of EIB's FEMIP 3-year corporate plans</li> <li>▪ It would be useful to have an EIB-knowledgeable person in the Delegations. Source: MN 111, MN 110</li> <li>▪ The EC is keen to speak about capacity-building etc., but not much to speak about concrete projects. We are an EU-institution, but primarily a bank with concrete projects. EC is only one of many stakeholders we are meeting in our projects (Gov, private sector, IFI/EDFIs, etc.). Source: MN 111</li> <li>▪ 5-years EC NIPs not compatible with EIB dynamics</li> </ul>
<b>JORDAN</b>	An EIB staff member mentioned that relations with DG ENTR were scarce in Jordan and beyond: <i>“DG ENTR not very active in the field in Jordan now. I never had a meeting with DG ENTR in Jordan, Lux or here. We would never hesitate to have relations with them if it appears to be useful, but not identified so far.”</i> Source: MN 111
<b>JC 3.5</b>	<b><i>Projects were implemented in line with planning, both in terms of timeliness and costs</i></b>
<b>I-3.5.1</b>	Stakeholders consider that timing and planning do fit requirements of private sector actors
<b>I-3.5.2</b>	Evidence provided in reports on the extent to which planned timing and costs were respected
<b>I-3.5.3</b>	Views of stakeholders on the extent to which planned timing and costs were respected
<b>I-3.5.4</b>	Factors having enhanced or hampered the respect of planning in terms of time and costs as displayed in reports and invoked by stakeholders
<b>GENERAL</b>	

<b>EQ 4</b>	<b>To what extent did the Commission contribute to make the institutional and regulatory framework more conducive to PSD?</b>
<b>JC 4.1</b>	<b><i>The Commission support was geared to tackling the main institutional and regulatory obstacles to PSD</i></b>
<b>I-4.1.1</b>	Identification of the main obstacles to PSD in terms of macro-economic environment and institutional and regulatory framework in the country/region in official documents /studies (national strategies or other documents/studies), including both the domestic environment and obstacles to the integration in regional and world economies
<b>I-4.1.2</b>	Commission strategy and programming documents refer to the obstacles mentioned in I-4.1.1 and gear the support to the removal of these obstacles (or justify alternative approaches)
<b>I-4.1.3</b>	The private sector was consulted for determining the priorities for helping remove the main institutional and regulatory obstacles to PSD
<b>I-4.1.4</b>	Stakeholders, and in particular the private sector, consider that Commission support was geared towards priorities for helping remove the main institutional and regulatory obstacles to PSD
<b>I-4.1.5</b>	Number of technical and economic analyses/fora covering major strengths and weaknesses of the private sector in third countries conducted with Commission support or, in the case of pre-existing studies and fora, utilised by the Commission in developing PSD activities targeting regulatory and institutional frameworks.
<b>GENERAL</b>	
<b>JC 4.2</b>	<b><i>The Commission has had strong policy dialogue on the institutional and regulatory frameworks</i></b>
<b>I-4.2.1</b>	Number, level and depth of contacts with public authorities
<b>I-4.2.2</b>	Number, level and depth of contacts with other policy actors (e.g. business associations, non-state actors, IMF/WB, other 2s)
<b>I-4.2.3</b>	Evidence exists of Commission leadership in or contribution to dialogue with policy actors
<b>I-4.2.4</b>	Evidence exists of Commission contribution to private-public dialogue
<b>GENERAL</b>	
<b>JC 4.3</b>	<b><i>The institutional and regulatory frameworks have been strengthened</i></b>
<b>I-4.3.1</b>	Reports / stakeholders show that new laws and regulations have been issued and are enforced
<b>I-4.3.2</b>	Reports / stakeholders show that required institutions have been created or developed and are operational
<b>I-4.3.3</b>	Evidence exists of Commission role in strengthening of institutional and regulatory frameworks
<b>I-4.3.4</b>	Stakeholders consider that Commission interventions have maximised local government commitment by ensuring they are in line with the government's own agenda, consulting with relevant stakeholders and proposing reforms at the local or

	sub-national level.
GENERAL	
<i>JC 4.4</i>	<i>The strengthening of the institutional and regulatory framework has contributed to the creation, better functioning and growth of enterprises</i>
I-4.4.1	Evidence that enterprises have benefited from an improved framework and environment
GENERAL	



EQ 5	To what extent did the Commission contribute to improving access to finance by enterprises?
<b>GENERAL</b>	<p>Note. While EIB-managed investment facilities (FEMIP SF and ACP IF) improved access to finance of enterprises overall (see below), they did not exploit their full potential for providing a broader range of financial products and services responding to access-to-finance needs of beneficiaries, during the evaluation period 2004-2010, as explained in their evaluations. This is confirmed by EIB staff members, which noted the following:</p> <ul style="list-style-type: none"> <li>• “FEMIP : No guarantees during the evaluation period; EIB loan portfolio guarantees introduced recently following IFC/EBRD/AFD initiative.</li> <li>• Neighborhood countries: recent SME investment facility under NIF targeting several neighborhood countries. Strategic initiative of KfW and EBRD.</li> <li>• ACP IF: extremely limited mobilization of instruments such as guarantees during evaluation period. Main reason: EIB had no HR resources to manage a bankable product.</li> <li>• Recent development: possibility of energy guarantee fund to mobilize commercial finance for PPPs (ACP?).</li> <li>• RCF in South Africa: particular successful case to be highlighted, EIB provided advisory services to the EC on a cost-recovery basis (no EIB funding involved)”</li> </ul> <p><i>Source: MN 112 and MN 116</i></p>
<b>JC 5.1</b>	<i>The Commission's support was informed by an analysis of the country/region's main constraints in terms of access to finance for enterprises (whether they were primarily on the demand or on the supply side or both)</i>
<b>I-5.1.1</b>	Existence of documented analysis of the countries'/regions main constraints in terms of access to finance (demand and supply side)
<b>I-5.1.2</b>	In its strategy/programming documents the Commission refers to these analyses
<b>I-5.1.3</b>	Stakeholders, in particular from the private sector, consider that the constraints identified are the right ones
<b>I-5.1.4</b>	The Commission support was geared towards tackling the constraints identified in these analyses
<b>I-5.1.5</b>	Number of Commission interventions in the area of access to finance that have been conducted in cooperation with other financial institutions
<b>GENERAL</b>	<p>The EIB has done financial sector reviews at country-level and other studies on access to finance, but are not communicating them to the EC, unless there is a specific demand. Several EC persons interviewed did not know indeed that the EIB was producing such types of analysis.</p> <ul style="list-style-type: none"> <li>• An EIB staff member noted that during the evaluation period, financial sector strategies were only required in the ACP before undertaking a financial sector operation (progressively). Not in other regions during the 2004-2010 evaluation period. The EIB now wants country strategies, with priorities; to be harmonized with EC. Source: MN 115.</li> </ul>

	<ul style="list-style-type: none"> <li>An EIB staff member noted that the EC does not bank on ECON (ex-ESIAF) findings on the enabling environment for the private sector (not provided systematically to the EC). Source: MN 118</li> </ul> <p>An EIB staff member mentioned that IFC has the leadership on SME actions – Cf SME Finance Facility resulting from G-20 Access to Finance Initiative.</p>
<b>JORDAN</b>	<p>An EIB staff member mentioned that the EIB is active in Jordan (e.g. portfolio guarantee system, PPPs), that they know more the financial sector than the EC (the EIB is for instance doing now a full review of the banking sector), but that they don't have much contact with the EC (more with national actors):</p> <p>« Jordanie: communauté de bailleurs de fonds importants, on se voit entre nous, on essaie de trouver des projets communs. I know JEDCO, EJADA, etc. We are not very active in banking sector; we are interested in being more. Jordan is very small country. The needs are outside Amman for SMEs, this is difficult. And all banks are very liquid. We could provide global loans to banks, but there is no liquidity problem. But they are interested in guarantee schemes, so that they can take more risk.” “If you compare our mechanism with (US) OPIC mechanism: OPIC is on a project-by-project guarantee, this is cumbersome. We propose a portfolio guarantee system, with an amount of 25-30m€, together with AFD and IFC (IFC has the lead). For Jordan, we met with the 7 main banks at the beginning of this year; ECON is doing a full review of the banking sector (also in Morocco); it's the first time they do it so extensively. Local banking sector is key for us. We know more than the EC on this; it is normal, the banking sector is our counterpart; we try to involve them. We can do what we want but flexibility according to needs, what local banks can do, etc. To know what kind of SMEs, what kind of sectors, etc. to target. We have a broad definition of SMEs, it depends on the countries (In Syria: projects for small SMEs. Lebanon: higher amounts.)”</p> <p>“<i>Venture capital initiative in Jordan (EC and EIB)?</i> To be honest I don't know much of this. We are project-oriented. On this we know more on talking with the Gov and the lenders than from Brussels...”</p> <p>“We are involved in PPPs in Jordan. We did study on 5 FEMIP countries. In Jordan we are now at the second step, we are now in direct contacts to establish PPPs in the country.”</p> <p>Source: MN 111</p>
<b>MOROCCO</b>	<p>An EIB staff member mentioned that the EIB is doing (after the 2004-2010 evaluation period) a full review of the banking sector, as in Jordan) and has contacts at national level. But we have no information on contacts with the EC.</p> <p>“On the lending side we are quite proactive (as support to private sector is a key target). We meet banks 3-4 time a year, for identifying needs, checking their appetite and capacity to fund SMEs. If they are it's easy, otherwise we talk to them; Constant dialogue. For SMEs we have no other choice than to work with banks.”</p> <p>Source: MN 111</p>
<b>SOUTH-AFRICA</b>	<p>S-A Risk Capital Facility: An EIB staff member mentioned that the EC's Risk Capital Facility (in cooperation with the EIB) is a good example of how to design an access to finance instrument: first a gap analysis, then technical advice (in this case by the EIB), then blending according to risk needs, etc. Source: MN 116</p>
<b>JC 5.2</b>	<b><i>At the macro-level, the Commission has addressed the constraints in the</i></b>

	<b><i>business environment for larger enterprises and MSMEs to develop</i></b>
I-5.2.1	Steps were taken to facilitate the creation of formal enterprises, through accessible procedures of registration
I-5.2.2	The Commission has supported the regulatory environment of financial intermediaries to facilitate their lending to, and/or investment in, MSMEs
GENERAL	
<b><i>JC 5.3</i></b>	<b><i>Support targeted enterprises that were facing difficulties in obtaining loan and investment funding</i></b>
I-5.3.1	The Commission had a specific approach to identify those enterprises that were facing difficulties in obtaining loan and investment funding
I-5.3.2	The Commission identified the specific constraints these enterprises were facing
I-5.3.3	The Commission support was geared to these enterprises and aimed at tackling their specific constraints, including specifically for MSMEs (core constraints of lack of capitalisation and lack of collateral)
GENERAL	
<b><i>JC 5.4</i></b>	<b><i>At the meso-level, the Commission has supported the intermediary organisations supporting enterprises (large and MSMEs)</i></b>
I-5.4.1	Stakeholders consider that the Commission has selected those private sector representative organisations that have a real impact
I-5.4.2	Intermediary Organisations supported by the Commission have, during the period of support, implemented activities designed to increase capacity of private sector enterprises to obtain funding from bank or non-banking institutions
GENERAL	
<b><i>JC 5.5</i></b>	<b><i>The ability of enterprises to obtain loan and investment funding has been strengthened</i></b>
I-5.5.1	Improvements in enterprises' capacities to submit bankable dossiers and evidence provided in this respect
I-5.5.2	Improvements in enterprises' accounting practices and evidence provided in this respect
I-5.5.3	Improvements in dealing with enterprises' lack of capitalisation (e.g. through seed money, venture capital) and lack of collateral (e.g. guarantee schemes) and evidence provided in this respect
GENERAL	
<b><i>JC 5.6</i></b>	<b><i>Supported financial institutions have improved their ability to mobilise funding and/or act as intermediaries</i></b>
I-5.6.1	Commission strategy and programming documents foresee support for the mobilisation of private funding sources including private savings
I-5.6.2	Commission strategy and programming documents foresee support for more efficient financial markets
I-5.6.3	Central Bank monitoring data show an increase and diversification of private

	funding sources including private savings
I-5.6.4	Stakeholders consider there is a linkage between the observed evolutions in funding mobilisation and the Commission's support
I-5.6.5	Local financial institutions have improved their mobilisation and intermediation to effectively channel resources and adapt financial services/products to the needs of local enterprises and notably of MSMEs
GENERAL	
<b>JC 5.7</b>	<b><i>Among MSMEs, the Commission has addressed the constraints of micro-enterprises</i></b>
I-5.7.1	The Commission has analysed the specific problems of micro-enterprises in countries of intervention
I-5.7.2	The Commission has addressed the capacity problems of micro-enterprises in terms of submitting bankable financing requests to financial intermediaries
I-5.7.3	The Commission has addressed the capacity problems of micro-enterprises in terms of management capacity, accounting, and transparency
I-5.7.4	Evidence that MSMEs have improved their access to finance and role of the Commission support in this respect

<b>EQ 6</b>	<b>To what extent did the Commission contribute to a better ability of enterprises, in particular SMEs, to compete and to access technology and new markets?</b>
<i>JC 6.1</i>	<i>The Commission's support, and mainly BDS, was targeted on the basis of an analysis of the main shortcomings of enterprises in terms of competitiveness</i>
I-6.1.1	Existence of documented analysis of the main shortcomings of enterprises in terms of competitiveness, including forward studies and surveys of key sectors or subsectors in regions/countries concerned
I-6.1.2	In its strategy/programming documents the Commission refers to these analyses
I-6.1.3	Stakeholders, in particular from the private sector, consider that the shortcomings identified are the right ones
I-6.1.4	The Commission support was geared towards tackling the shortcomings identified in these analyses
I-6.1.5	A critical mass of enterprises facing competitiveness problems (grouped by sector, or by potential exporting enterprises) has been targeted
I-6.1.6	PSD programming in the area of BDS and non-financial service provision has targeted sustainable reinforcement of the structures and functioning of local markets (as per Recommendation RI-2 of the 2005 Evaluation)
I-6.1.7	Number of BDS interventions aimed at reinforcing local BDS markets versus the number of interventions providing direct BDS services
<b>GENERAL</b>	
<i>JC 6.2</i>	<i>The delivery channels or IOs for this support were appropriate and able to deliver</i>
I-6.2.1	Commission programming documents and stakeholders show that intermediary organisations were selected on the basis of their ability to deliver
I-6.2.2	Monitoring/evaluation reports and/or stakeholders provide evidence that selected intermediary organisations delivered
I-6.2.3	Monitoring/evaluation reports and/or stakeholders provide evidence that key follow-up at the level of intermediary organisations occurred
I-6.2.4	Monitoring/evaluation reports and/or stakeholders provide evidence to show that institutions for business development services have been strengthened in a sustainable manner
<b>GENERAL</b>	
<i>JC 6.3</i>	<i>Enterprises that benefited from Commission support have been upgraded and accessed new markets</i>
I-6.3.1	Evidence exists of follow-up after cooperation meetings and agreements in terms of upgrading of enterprises (development of skills, know-how, managerial, market knowledge, etc.), and adequate targeting of key sectors
I-6.3.2	Number of business to business cooperation and promotion meetings which gave rise to increased trade exchanges and enhanced export prospects

<b>I-6.3.3</b>	Number of business to business cooperation and promotion meetings which gave rise to durable partnerships enhancing business opportunities and sustainable enterprise prospects
<b>I-6.3.4</b>	Monitoring reports demonstrate a systematic flow of know-how resulting from such activities
<b>GENERAL</b>	
<b>JC 6.4</b>	<i>Enterprises that benefited from Commission support have increased their access to technology</i>
<b>I-6.4.1</b>	Monitoring reports show that new technology, including European technology, has been mobilised by enterprises in Partner Countries
<b>I-6.4.2</b>	Stakeholders interviews indicate that such technology transfers has heightened their competitiveness
<b>I-6.4.3</b>	Monitoring reports indicate that the volume of technology transfers has been important for enterprises and relevant target sectors
<b>GENERAL</b>	

<b>EQ 7</b>	<b>To what extent did Commission support contribute to increased cross-border investment in partner countries' private sectors?</b>
<i>JC 7.1</i>	<i>The Commission's support was targeted on the basis of an analysis of the needs of enterprises</i>
I-7.1.1	Enterprises needs analyses provided in regional/country surveys or through other means
I-7.1.2	Evidence in programming documentation on the Commission's knowledge of potential European sources of investment when organising investment promotion activities
I-7.1.3	Elements provided in programming documentation and/or by stakeholders showing that the Commission's support was based on these needs analyses and that the Commission had a prioritised approach in selecting groups of beneficiary enterprises
GENERAL	
<i>JC 7.2</i>	<i>The Commission has supported the development of investment-related intermediary organisations, and these IOs have effectively engaged in investment promotion</i>
I-7.2.1	Number of Investment Promotion Agencies (IPAs) and other investment intermediaries supported
I-7.2.2	Monitoring reports contain evidence of improvements in the performance of IOs in the supply of investment support
I-7.2.3	Number of investment promotion events that gave rise to actual additional investment
GENERAL	
<i>JC 7.3</i>	<i>The Commission has supported investment related business to business meetings &amp; investment promotion events, and these have had identifiable results</i>
I-7.3.1	Number of investment promotion meetings & events organised
I-7.3.2	Monitoring reports contain evidence of investment mobilisation resulting from such events, and stakeholders confirm such results
I-7.3.3	Commission follow-up steps have been taken to enhance the results of investment promotion activities
I-7.3.3	Also see answers to indicators I-6.3.2 and I-6.3.2 above
GENERAL	
<i>JC 7.4</i>	<i>Commission support has encouraged FDI</i>
I-7.4.1	Reports exist that document the mobilisation of investment flows as a result of Commission support
I-7.4.2	In the absence of actual financial investment, the Commissions reports demonstrate that potential has been created for later investment resulting from business partnerships

GENERAL	
<b>JC 7.5</b>	<b><i>SMEs were adequately targeted by comprehensive provision of investment related services</i></b>
<b>I-7.5.1</b>	Regional and country surveys and studies indicate that SMEs were among the Commission's priorities
<b>I-7.5.2</b>	Intervention documentation evidences that SMEs have been duly targeted
<b>I-7.5.3</b>	Monitoring reports contain evidence of investment mobilisation benefiting SMEs
GENERAL	



<b>EQ 8</b>	<b>To what extent has the Commission PSD support contributed to facilitate the generation of employment?</b>
<b>JC 8.1</b>	<b><i>The Commission monitors employment effects</i></b>
<b>I-8.1.1</b>	Description of Commission practices in terms of monitoring of employment effects (e.g. specific indicators defined)
<b>I-8.1.2</b>	Evolution of employment figures included in beneficiary progress reports to Commission
<b>GENERAL</b>	<p>With regards to EIB practices on employment, EIB staff members mentioned the following :</p> <ul style="list-style-type: none"> <li>▪ the impact on employment of EIB operations is now measured in neighborhood countries.</li> <li>▪ they have an evaluation department. Commercial banks have to provide them with a fiche with impact on employment. But these are commercial banks, they basically want good projects</li> <li>▪ one should be realistic about the EIB's impact on job creation. Job creation has not always been present in the more sustainable projects. But Blueberry Farm example in selection of projects.</li> </ul> <p>Source: MN 111</p>
<b>JC 8.2</b>	<b><i>Generation of employment has been a concern of the Commission when providing PSD support</i></b>
<b>I-8.2.1</b>	Commission strategy and programming documents explain how supported interventions will contribute to employment
<b>I-8.2.2</b>	Available reports explain how Commission support aimed at and did contribute to employment
<b>I-8.2.3</b>	Stakeholders consider that Commission interventions aimed at and did contribute to the generation of employment
<b>GENERAL</b>	
<b>JC 8.3</b>	<b><i>Commission support to formalisation of MSMEs has contributed to increased employment opportunities</i></b>
<b>I-8.3.1</b>	Evolution of employment figures within MSME sector in beneficiary countries during evaluation period
<b>I-8.3.2</b>	Number of MSMEs created in beneficiary countries during evaluation period
<b>GENERAL</b>	
<b>JC 8.4</b>	<b><i>Commission SBS has increased private sector employment opportunities in the sectors supported</i></b>
<b>I-8.4.1</b>	Evolution of employment figures in the sectors supported by Commission SBS during evaluation period
<b>GENERAL</b>	
<b>JC 8.5</b>	<b><i>Commission support has contributed to the transition of entrepreneurs from the informal to the formal sector</i></b>
<b>I-8.5.1</b>	Commission strategy and programming documents foresee support for the transition from the informal to the formal sector
<b>I-8.5.2</b>	Improvements in the transition from the informal to the formal sector
<b>GENERAL</b>	

<b>EQ 9</b>	<b>What was the Commission's added-value when providing support to PSD in third countries?</b>
<i>JC 9.1</i>	<i>The Commission PSD strategies were geared towards the provision of Commission-specific benefits, as compared to private sector initiatives, other financing modalities and support provided by other actors</i>
I-9.1.1	Commission documents that lay down the overall (not country specific) PSD strategy of the Commission require that the Commission PSD strategies and interventions are chosen on the basis of, among other things, the specific benefits the Commission can provide
I-9.1.2	CSPs/RSPs and programming documents highlight the specific value added of the Commission support
I-9.1.3	Stakeholders consider that the potential value added of the Commission support has been a key criterion for deciding on the nature of the support to be provided
GENERAL	
<i>JC 9.2</i>	<i>The beneficiaries of Commission PSD support were not in a position to provide or to provide as swiftly and with the same results the support that was provided by the Commission</i>
I-9.2.1	Evidence provided in strategy, programming documents and reports that show that beneficiaries at macro, meso- and micro level were not in a position to provide the support
I-9.2.2	Stakeholders consider that beneficiaries at macro, meso- and micro level were not in a position to provide the support
GENERAL	
<i>JC 9.3</i>	<i>The Commission's grant support had specific benefits</i>
I-9.3.1	Areas of PSD support selected by the Commission are generally not considered as fit for loan funding or for other financing modalities
I-9.2.2	Evidence provided in evaluation/ monitoring reports on the value added of the Commission through blending grant funding with other modes and sources of funding
I-9.2.3	Stakeholders consider that the Commission had value added through blending grant funding with other modes and sources of funding
I-9.2.4	Elements provided in strategy, programming documents, and reports that show other specific benefits of grant funding for the interventions
I-9.3.5	Stakeholders are able to show other specific benefits of the grant funding for the PSD support provided
GENERAL	
<i>JC 9.4</i>	<i>The Commission had a specific value added compared to the support provided by other public actors, in particular but not only EU MS</i>
I-9.4.1	Documents show and stakeholders consider that the Commission's support at country and/or intervention level was of significant financial weight compared to the support provided by other actors

<b>I-9.4.2</b>	Documents show and stakeholders consider that the Commission provided a technical expertise that could not be provided by other actors (to the extent possible to be broken down by area of intervention)
<b>I-9.4.3</b>	Documents show and stakeholders consider that the Commission infused EU best practice and standards through its support
<b>I-9.4.4</b>	Documents show and stakeholders consider that the Commission's procedures) offered advantages compared to those of other actors
<b>I-9.4.5</b>	Documents show and stakeholders consider that the fact that the support was provided by the Commission as representing the EU offered specific advantages
<b>I-9.4.6</b>	Documents show and stakeholders consider provide examples of other types of VA
<b>GENERAL</b>	

<b>EQ 10</b>	<b>To what extent were the Commission's organisational set-up and management practices fit to a successful implementation of its PSD support?</b>
<b>JC 10.1</b>	<b><i>The devolution facilitated the implementation of the Commission PSD support</i></b>
<b>I-10.1.1</b>	Stakeholders provide evidence that the devolution to delegations contributed to facilitating to the implementation of PSD support (e.g. better knowledge of local needs/priorities, better interaction with local stakeholders, notably of the private sector, etc.)
<b>I-10.1.2</b>	Stakeholders do not consider that there were major drawbacks of the devolution to delegations in terms of PSD support (e.g. less direct linkages with the European private sector, less coherence in the approach, etc.)
<b>I-10.1.3</b>	Stakeholders, such as major private sector operators in countries, are of the view that the EU Delegations make efforts to understand the private sector fabric and its constraints
<b>GENERAL</b>	
<b>JC 10.2</b>	<b><i>The division of responsibilities between different DGs did not hamper an optimal implementation of the Commission's PSD support in the different countries'/regions concerned</i></b>
<b>I-10.2.1</b>	The Commission had formal mechanisms to ensure collaboration between its different DGs involved with PSD related matters, including in terms of transfer of knowledge on PSD support within and outside the EU
<b>I-10.2.2</b>	Stakeholders consider that Commission support in third countries has benefited from general PSD knowledge and networks present within the Commission
<b>GENERAL</b>	There is a possibility for the EC to capitalise on the EIF's competencies on access to finance for SMEs, but this was not exploited. See for example the EIB's capitalization on EIF: <i>"The EIB did not capitalise much on their experience on SME support during the evaluation period (e.g. through the EIF). But EIB's structured finance unit (ACP but wider coverage) recently started capitalising on the EIF expertise for setting up guarantee schemes."</i> The European Investment Fund is owned by the EIB, with which they form the EIB Group, and also by the European Commission and a wide range of public and private banks and financial institutions <sup>1</sup> . It focuses on EU countries. <i>"DG ENTR also capitalises on the EIF for guarantee schemes and venture capital."</i> Source: MN 116
<b>JORDAN</b>	An EIB staff member mentioned that also relations of the EIB with DG ENTR were scarce, in Jordan and beyond: <i>"DG ENTR not very active in the field in Jordan now. I never had a meeting with DG ENTR in Jordan, Lux or here. We would never hesitate to have relations with them if it appears to be useful, but not identified so far."</i> Source: MN 111
<b>SOUTH-AFRICA</b>	An EIB staff member noted that the South Africa Risk Capital Facility is a good example of how the EC can capitalise on EIB competencies to build up an access to finance facility. The EIB is being 'paid' for its advisory services on a cost-recovery basis. Source: MN 116
<b>JC 10.3</b>	<b><i>The Commissions' HR policy was conducive to an optimal design and</i></b>

<sup>1</sup> Source : [http://www.eif.org/who\\_we\\_are/index.htm](http://www.eif.org/who_we_are/index.htm)

	<b><i>implementation of its PSD support</i></b>
<b>I-10.3.1</b>	Existence of a specific HR policy for the management of Commission support to PSD in third countries
<b>I-10.2.2</b>	Existence of sufficient dedicated staff specialised in PSD matters both at HQ and Delegation level
<b>I-10.2.3</b>	Existence of specialised PSD trainings for staff in charge of PSD matters
<b>I-10.2.4</b>	Staff in charge of the Commission's PSD support is conversant with PSD constraints, and are well aware of the strategy and guidance documents, as well as of specific tools developed by the Commission for implementation
<b>I-10.3.5</b>	Stakeholders consider that Commission HR policy was a strength/weakness of PSD support
<b>GENERAL</b>	
<b>JC 10.4</b>	<b><i>The Commission developed and used specific tools and guidance to facilitate the design and implementation of its PSD support</i></b>
<b>I-10.4.1</b>	Description of available tools and guidance for the Commission support to PSD
<b>I-10.4.2</b>	Knowledge and use of these tools and guidance by Commission staff in charge of support to PSD
<b>I-10.4.3</b>	Commission staff expressed the view that these tools and guidance were useful
<b>GENERAL</b>	
<b>JC 10.5</b>	<b><i>The Commission monitored/evaluated its support to PSD and used and disseminated the results</i></b>
<b>I-10.5.1</b>	The Commission developed specific systems and sets of indicators to monitor and evaluate its support to PSD both at HQ and country level
<b>I-10.5.2</b>	The above mentioned monitor/evaluation systems were operational
<b>I-10.5.3</b>	The results of the monitoring and evaluations were disseminated and used to redirect strategies and programming
<b>I-10.5.4</b>	Stakeholders consider that monitoring and evaluation systems were useful to improve design and implementation of the PSD support
<b>GENERAL</b>	
<b>JC 10.6</b>	<b><i>The Commission developed and used specific mechanisms to ensure capitalisation and sharing of its knowledge with respect to PSD</i></b>
<b>I-10.6.1</b>	Description of existing mechanisms (networks, working groups, etc.) to ensure capitalisation of Commission knowledge on PSD both among Commission staff concerned with implementation of PSD support inside and outside the EU
<b>I-10.6.2</b>	Knowledge and involvement of staff concerned with PSD support in third countries with these mechanisms
<b>I-10.6.3</b>	Stakeholders expressed the view that these mechanisms are useful, with specific results generated and possible drawbacks
<b>GENERAL</b>	