

**Framework Contract COM 2011**

**Lot 1 – Studies and technical assistance in all sectors**

**Specific Contract N° 2014/352803**

**Capitalisation exercise (meta-evaluation) on EU  
Private Sector Development (PSD) support to third  
countries**

***Final report***

**September 2015**



The project is financed by  
the European Union



The project is implemented by  
SACO Consortium (SAFEGE/COWI)

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**September 2015**

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## List of abbreviations

ACP	African, Caribbean and Pacific countries
ADB	Asian Development Bank
AFD	Agence Française de Développement
AfDB	African Development Bank
ANDPME	Agence Nationale de Développement de la PME (Algeria)
ANPME	Agence Nationale pour la Promotion de la PME (Morocco)
BCS	Background Conclusion Sheet
BSO	Business Support Organisation
CEDA	Caribbean Export Development Agency
CGAP	Consultative Group to Assist the Poor
DAC	Development Assistance Committee
DANIDA	Danish International Development Assistance
DFID	Department for International Development (UK)
EBRD	European Bank for Reconstruction and Development
EDFI	European Development Finance Institution
EQ	Evaluation Question
EU	European Union
FA	Financial Agreement
FI	Financial Institution
GDP	Gross Domestic Product
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH, now GIZ Gesellschaft für Internationale Zusammenarbeit
IADB	Inter-American Development Bank
ICT	Information and Communication Technology
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
ILO	International Labor Organisation
IO	Intermediary Organisation
IOB	Policy and Operations Evaluation Department of the Netherlands Ministry of Foreign Affairs (Inspectie Ontwikkelingssamenwerking en Beleidsevaluatie)
IP	Intellectual Property
JICA	Japan International Cooperation Agency
LED	Local Economic Development
MDG	Millennium Development Goal
MSME	Micro Small and Medium Enterprise
M&E	Monitoring and Evaluation
MR	Monitoring Report
MTR	MID TERM REVIEW
NGO	Non-Governmental Organisation
NP	New Partnership
OECD	Organisation for Economic Cooperation and Development
OO	Overall Objective
OVI	Objectively Verifiable Indicator
PPD	Public Private Dialogue

PS	Project Synthesis
PSD	Private Sector Development
READI	Regional EU ASEAN Dialogue Instrument
RG	Reference Group
ROM	Results Oriented Monitoring
SIDA	Swedish International Cooperation Development Agency
SMART	Specific, Measurable, Achievable, Relevant, Time-bound
SME	Small and Medium Enterprise
SO	Specific Objective
TAP	Technical and Administrative Procedures
ToR	Terms of Reference
TREATI	Trans Regional EU ASEAN Trade Initiative
USAID	US Agency for International Development
WIRSPA	West Indies Rum and Spirit Producers Association

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# I. EXECUTIVE SUMMARY

1. The objective of this meta evaluation was to provide an **independent overall assessment** of the recent performance of the EU Devco through an in-depth analysis of the other donors' programmes and the independent evaluations of 45 EU projects carried out during the period. The assessment aiming at improving quality of future EU PSD programmes, paid particular attention to the **impact** of the programmes actions against their objectives; identifies key issues affecting the success or failure of the various projects, attempts to identify **key lessons learnt** and to propose **practical recommendations** for follow-up actions/ approaches that might be designed to support private sector growth in third countries.

## A. SYNTHESIS OF EVALUATIONS MADE BY OTHER DONORS

### 2. **Strategic and operational approach:**

- There is a broad consensus on the main levers of PSD (what to do): Access to finance; Investment climate; know-how/skills/quality. The EU strategy aligned with this.
- There are divergent approaches regarding implementation, e.g.; top-down vs bottom-up, complexity, role of public sector (with some development partners sceptical of role beyond policy reform and facilitation); empowerment of private sector as partner and as stakeholder in implementation.
- Some types of support are quite different from that provided by EU, e.g.; growth poles and Market for the Poor.
- NB: Most (especially multilateral) partners make project documents public.

### 3. **Universal issues:**

- Systemic weakness in M&E. Appropriate data for M&E are not collected or of poor quality; systemic weaknesses in M&E design and implementation.
- The impact of the projects is hard to substantiate.
- Their sustainability is uncertain.
- It is unclear whether regional differences affect outcomes.
- The contributions to cross-cutting themes are ambiguous.
- Most evaluations even if notionally based on OECD-DAC criteria are thematic and de-emphasize ratings.
- Operations need a longer implementation period than anticipated.
- NB: Many issues encountered in EU PSD Operations are similar to other development partners' experience.

### 4. **What worked :**

- A multifaceted approach that builds on linkages and potential synergies (different from "saupoudrage").
- An approach that takes into account country circumstance. An interesting example is the EBRD BAS programme, with 2 layer management structure (regional and national), but at a high cost (50% of funding).
- Good analytical work and sound understanding of sector/issue being tackled.
- Quality and availability of development partner staff matters.
- Mid-stream reorientation of operations towards successful initiatives.
- Bottom-up approaches (specifically mentioned in a few cases, including agri-business).

- Substantial private sector involvement in design and implementation.
- There is a mixed message on SME support. Improved access to finance appears as a strong point.

## **B. ANALYSIS OF SELECTED EU PSD PROJECTS/PROGRAMMES**

5. Recent evaluations of multiple EU PSD operations (which were complemented by field work) provide an important point of reference to this study. Notably, the 2013 evaluation highlights strengths, such as EU value-added and alignment with country priorities. It also points out significant shortcomings, including M&E, lack of complementarity of instruments, specific expertise within Delegations, need to engage public agencies selectively, and insufficient knowledge based, selectivity and targeting (the latter especially in the case of middle-income countries).

6. Following the ToRs and the discussions held with the RG, the team tried to relate the projects (and components) that were deemed successful to activities, methods, designs, that worked, and could be replicated and promoted, taking into account the local context. Our sample contained only two types of methods: grants and technical assistance (no twinning, limited blending and sector budget support). Geographically, the sample covered ACP countries, the Middle East, and Central Asia, Asia and Latin America. The counterparts were Ministries, Government Agencies, and NGOs as well as Private Sector Organisations.

7. The team found that 7 projects/programmes out of 45 were considered successful. The projects (and components) that did work were very different from each other in terms of activity, counterpart, etc. Their main common point was the commitment of both the local counterpart (public or private) and the local EU Delegation to the success of the project. This commitment could overcome all the obstacles and issues listed below, and lead to a successful outcome – sometimes with significant delays, difficulties, but leading to a success anyway.

### **MAIN ISSUES AFFECTING THE PROJECTS**

8. The team also highlighted some recurrent issues. Most of them are well-known to those involved in the design and implementation of EU PSD operations. The value-added of the present study includes:

- The list of issues and their importance.
- A quantification of the issues.
- The identification of the source/ origin of those issues.
- Recommendations of implementable measures which could significantly alleviate the issues.

9. The main issues that could identify and by and large quantify are the following:

- Poor performance in many cases:* The 45 reviewed projects/programmes did not perform sufficiently well, according to the evaluations. 7 of them can be considered successes, 2 more achieved a good success after a very difficult start. 9 projects/programmes can be considered failures while 27 had a just average result.
- Significant delays:* The projects experience major delays: two thirds of the projects experienced delays of at least one year, and most of them had to be extended (See Annex 4). Those delays are attributed to (i) difficulties encountered in implementing the procedures, (ii) changes in the staff of the implementing teams and/or counterparts and (iii) weakness of the counterpart.
- Lack of sustainability:* The projects lack sustainability; the grades/appreciations given by the evaluators and monitors are markedly lower when it comes to sustainability.
- Poor conformity to the original chain of logic:* The chain of logic of the project, starting from the Overall Objectives, to the Specific Objectives, and translating into activities, is not respected.
- Insufficient M & E:* The internal monitoring system and the Evaluation system are not sufficiently performing: Out of 45 projects/programmes reviewed, in only 6 projects the evaluators consider that the Objectively Verifiable Indicators are SMART (Specific, Measurable, Achievable, Relevant, Time-bound).

- f) The *experience of past projects is not sufficiently reflected* in the design of new projects, and is not sufficiently disseminated;
- g) *Variable Quality of evaluation reports*: The final independent evaluations are very variable in quality, but in any case could be made more effective by improving their Terms of Reference (ToRs) and format.
- h) The *knowledge management* within the EC is likely to be hampered by a not fully efficient filing and dissemination system.

10. Most of those issues have been identified before. We do not think that the known issues are the most binding constraints. What needs highlighting concerns (i) their extent and (ii) the fact that, while known, these issues have not been tackled.

### C. RECOMMENDATIONS

11. In order to build on the successful projects and alleviate the impact of the issues mentioned above, as well as taking into account the reviewed projects and programmes and also the experience of the other donors, we proposed to work on three levels:

- Improving the Quality at Entry of the projects, with a focus on:
  - The choice of the counterpart.
  - The involvement of the private sector.
  - The chain of logic.
  - The readiness for implementation.
- Improving the Monitoring and Evaluation System and the knowledge management:
  - At the design stage, with SMARTer indicators.
  - During the implementation of the project.
  - Using a comparable standard grading system, limiting the executive summary, including a project synthesis in order to make evaluations more useful.
  - Improving records keeping and knowledge management systems.
- Dealing with known issues:
  - Building into the operation's design the time and budget necessary for a proper implementation of procedures (more time, staff, dedicated to guiding the other parties in the use of procedures, training).
  - Designing the projects with a 6 months set-up time (facilitating timely contracting of the PMU and implementing staff).
  - Improving the choice of the contractor and its team leader.

12. The study proposes two levels of actions:

- Those (the majority) that are within the control of DEVCO and can be implemented rapidly,
- Those that require the approval of other departments, institutions.

13. In some cases (for example knowledge management, filing system, choice of the PMU team) it was possible to identify the existence of the issue through the study of the evaluation reports, but the way to solve or alleviate them is outside the scope of this study, would require institutional analyses and the consultants do not have sufficient information. These change actions can be summarised in the following Table 1.

**Table 1: Change actions**

	Topic	Short term, Local action	Longer term action
STRATEGY AND QUALITY AT ENTRY	Choice of the counterpart	Applying stricter criteria to work with a given agency, equivalent to those used to determine whether budget support is feasible.	Supporting “rating agencies” similar to those already existing for Microfinance, Investment promotion agencies.
	Involvement of the private sector	Involving more systematically representatives of the private sector in the design and implementation of the project. Supporting projects (EU or other donors) designed to reinforce institutions representative of the private sector.	Supporting long term actions to build up human and financial capacity of private sector representatives.
	Chain of logic	Internal Peer review of the chain of logic.	External peer review
	Implementation readiness	Start the short listing of contractors before the signing of the FA. Creating in advance an ad-hoc procedure guide when necessary (#121).	
	Flexibility	Possibility to call for a review (not waiting for the mid-term review) when the project runs into problems	
MONITORING AND EVALUATION SYSTEM	Project internal monitoring	Building the internal monitoring system into the project design.	
	Indicators	Peer review of indicators, allowing only SMART or near SMART OVs.	Mutualising the data collection with other donors, supporting the statistics bureaus.
	Evaluation	Publishing the evaluation reports, including the response sheets Request evaluating on the achievement of the objectives, not only the success of individual components Adding a synthesis sheet to the evaluation (similar to the PS sheet of the monitoring) Limiting the summary to three pages Using standard and consistent ratings of the projects on the basis of OECD-DAC criteria Separate Relevance and Design in order to give the latter adequate prominence	
	Knowledge management	Publishing the evaluations (see above).	Improving the access to the documents (identification reports, fiches, ROM, MTR Evaluations, financial data etc.) in a single database accessible to all EC staff.

KNOWN ISSUES	Procedures	In the design of the project, provide sufficient time and staff to learn and teach procedures. Creating an ad-hoc procedure guide specific to the project (see #121 <sup>1</sup> Rum).	
	Capacity of PMU, TA	Probably more in-depth interviews with the tenderers, and in particular the team leader.	

#### **IMPLEMENTATION OF THE RECOMMENDATIONS**

14. We recommend the creation of a task-force, including staff from the Delegations, to implement those recommendations.

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<sup>1</sup> Project numbering is based on internal coding provided to the consultants.

## II. INTRODUCTION

15. This report has been prepared under the EC Contract “Capitalisation Assignment (meta-evaluation) on EU Private Sector Development (PSD) support to Third Countries”. As per the Terms of Reference (ToR) in Annex 1 the Overall Objective of this meta-evaluation is to promote institutional learning within the EU external co-operation services. It will be key to promote a lesson-learning culture throughout the organisation. The Specific Objective is to provide the relevant external co-operation services of the EU with a report that will allow improving the quality of future PSD operations (projects and programmes). As such it will also contribute to the progress towards achieving sustainable development and poverty reduction in the partner countries.

16. In this context, to the extent possible, the meta-evaluators identified obstacles to the design and implementation of PSD projects, including those related to EU's internal procedures. The assignment covers two aspects: (i) synthesis of the evaluations made by other donors, and (ii) a review of EU PSD programmes that have been evaluated since 2007.

17. The kick off meeting for this project took place on 06/02/2015 in Brussels, with the Reference Group (RG). It was followed by several meetings in April, May and July 2015 with the RG, in Brussels and by teleconference. Each meeting was supported by a PowerPoint presentation as well as a formal document (the Inception Report presented in May). Each exchange was used as an opportunity to validate the approach being followed by the experts and for the RG to provide additional guidance, notably on issues not foreseen in the TOR.

18. Several modifications to the Terms of Reference (ToR) were discussed, accepted and implemented. In particular, the ToR considered a two-step process: reviewing some 80 evaluations, then selecting 30 to 35 of them for in-depth study. As the number of evaluations relevant and available proved to be much lower than the expected 80, it was decided to retain all the projects/programmes for which the documentation was made available and which were relevant to this assignment. The coverage of this report is based on 45 operations for which evaluations were available. This approach expanded the breadth of the assignment and avoided a possible selection bias. Another modification affected the original evaluation questions (as per ToR). Others was primarily the team of experts being encouraged to undertake incremental analysis – such as on the political economy of public agencies -- and to go beyond the confines of what was explicitly stated in the documents – for instance retrofitting evaluation ratings. These are detailed further in the relevant sections of the report.

19. Finally there was a narrowing and clustering of questions from the long-list provided in the ToR. There were originally 33 indicative questions, plus 29 additional questions on cross-cutting issues. The list of questions was thus narrowed to five main evaluation questions, with sub-questions for each. These questions also integrate questions lines of inquiry arising from the synthesis of the meta-evaluations of other member states and development partners' programmes. This exercise helped bring out more clearly the specific objectives of the present study, which are to: (i) to identify what works well, and under which circumstances, so as to improve the development impact of EU PSD operations; and (ii) how to improve the Monitoring and Evaluation, and assessment of PSD projects and programmes.

20. The main message of this report is that while the EU PSD portfolio has not performed well, many of the issues have been identified and are within the purview of the EU to address. Specific proposals to this effect are thus put forward here.

### III. METHODOLOGY

#### A. Approach

21. This study is underpinned by a process of discovery that took the consultants through available information, which in some instances requires careful reading of documents and some extrapolation of their meaning – as in the case of evaluation reports for EU operations. The methodology followed by the consultants was thus as follows:

- A desk study of the evaluations and meta-evaluations realised by the EU and other development partners and their synthesis.
- A desk study of other documentation supplied pertaining to EU PSD operations.
- Telephone interviews with a number of Delegation Staff, consultants and project Team Leaders.

22. The consultants established several working documents based on the documentation provided, in particular fiches for each operation and for each external study included in the literature survey<sup>2</sup>. The information contained in these fiches was subsequently aggregated into more manageable clusters and form the backbone of this report. An unexpected aspect of the methodology was the need to complete the evaluations that had been supplied, as most of those evaluations were only proposing qualitative assessment (not comparable to the ratings given by the ROMs of the same projects), and were assessing the project by component (and losing view of the objective of the project as a whole). Moreover, this qualitative assessment was often less rigorous than the analysis of the text would suggest. The team completed the evaluations by an estimate of the rating according to the original evaluators' text (retrofitting) and then in some cases according to the meta-evaluators judgement (revisiting)<sup>3</sup>.

23. The lines of inquiry followed were based on the review of five interrelated mutually reinforcing pillars: (a) strategic framework into which PSD operations are aligned; (b) quality at entry (the intervention logic and M&E system); (c) other conceptual and implementation issues encountered (such as top-down, public sector-led design, and demanding procedures); (d) assessment of evaluation results based on OECD-DAC criteria and cross-cutting themes; and (e) the identification of what seems to have worked (effective interventions) and what did not, and their relationship to country circumstances.

#### B. Evaluation Questions

24. The analysis and information collected constitute the core of the study, based on which a five broad evaluation questions are answered. A long list of such evaluation questions were provided in the TOR for this study and were complemented by the literature survey of other development partners' operations undertaken prior to the preparation on the Inception Report, which was approved in May 2015 by the Reference Group for this study.

25. The literature review (presented in the next chapter) helped identify the following themes and questions, many of which are subsumed within the list in TOR:

- (a) **Private partners:** (i) Were there any private partners; and (ii) is there any evidence of their contributions to efficiency, effectiveness and increased sustainability. Also, should EU projects undertake more direct financing of the private sector [other than blending]?
- (b) **(M)SME:** Was the heterogeneous nature of SMEs recognized in design and specific targeting included? If so how? Was the informal sector also covered? Is there a definition of SMEs that

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<sup>2</sup> Examples of fiches for EU operation and a full set summarizing other development partners' experience was annexed to the inception report.

<sup>3</sup> This was done for about half the operations covered. The results suggest that retrofitted ratings may overstate actual performance. However, these results are not the principal drivers of the conclusions presented in this report. A main reason is that there is adequate evidence on poor performance emanating from the retrofitted ratings. The other is to avoid the appearance of arbitrariness.

takes into account country context. Additionally: (i) were interventions strategic and based on clear country strategies/diagnostics; (ii) were projects/programmes too complex, did they require mid-stream extensions/restructuring (this questions applies to PSD operations in general); and (iii) do projects/program address the issue of eliminating constraints to formalization (i.e.; low investment climate, inappropriate labour laws etc.).

- (c) **Additionality:** (i) Is there a relationship between non-lending activities and more effective projects; (ii) were non-financial services offered together with access to finance and is there evidence that the resulting synergy improved outcomes; (iii) do EU operations provide evidence of additionality when both credit and advisory services are provided; and (iv) is there evidence of cost effectiveness?
- (d) **M&E:** To what extent are the various types of impact assessment (top-down, bottom-up, qualitative) incorporated into EU SME/other programmes/projects?
- (e) **Design:** To what extent did project/program preparation suffer due to: (i) inadequate analysis; (ii) insufficient consideration of business cycles; (iii) inadequate attention to heterogeneity of countries; (iv) high transaction costs; and (v) the limited scope allowed for interventions?
- (f) **Access to Finance:** (i) Were banks surveyed as part of design of access to finance schemes; and (ii) were complementary measures in place (investment climate and capacity building)?
- (g) **Agri-business:** Do top-down training programmes work? [in practice the broader question is whether “trickle-down” approaches that characterize EU PSD operations are effective]
- (h) **Non-financial Services (Business Advisory):** How does the international experience, notably EBRD's compare with similar EU project/programmes, notably operating costs compared to grants disbursed?
- (i) **PSD (various):** (i) Were project/programmes priorities sequenced appropriately and did they take into account the local context; (ii) were of activities feasible and timescale appropriate; (iii) in the cases where industrial policies were supported, were strong results attained; (iv) what is contribution of financial inclusion to equity and growth; and (v) what is the impact of financial literacy programmes?
- (j) **Rating of performance at various junctures:** Is there a declining trend in reported/measured performance as the project in completed and/or evaluated ex-post observed in EU operations?

26. The above questions have as far as possible have been integrated into the analysis of the present report, even though some could not be fully addressed due to data constraints discussed below. The other aspect of the assignment was to organize and bundle evaluation questions into a more manageable set. The broad framework was agreed following the approval of the Inception Report.

27. There was a total of 33 questions (some with sub-questions) listed in the ToR (pp. 10-13, and reproduced in Annex 1), plus another 29 related to four cross-cutting themes (poverty/MDG<sup>4</sup>, Gender equality; environmental sustainability, and capacity development). This large number is clearly unmanageable. Questions are clustered and reformulated below. Furthermore, there is a need to keep in mind that the study is not merely an academic exercise, but rather one that aims to draw operational lessons to be integrated in the design and follow-up of future operations, which justifies adjusting the questions. A consolidation process was thus initially envisaged and has been simplified further in light of the actual characteristics of the operations that were reviewed.

28. The review of each project/programme, based not only on its evaluation but also on project appraisal, mid-term review and ROM, and was summarized and consolidated in a Fiche which provided inputs to much of the report. The salient points extracted from the Fiches are summarized in some text tables and annexes.

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<sup>4</sup> Millennium Development Goals to be reached by 2015. [United Nations Millennium Development Goals](#).



29. **Categorisation of Projects/Programmes.** Subject to a sufficient number of observations being available (and this proved to be a constraint), the main report is based on the following breakdown of operations:

- (i) According to type of projects/programmes: (a) thematic approaches: a1 - access to finance; a2 - private sector knowledge/capacity building/market access; and a3 - business environment/investment environment; and (b) composite projects: b1 - MSME; and b2 agriculture and agribusiness.
- (ii) By types of country groupings: (a) by economic classification: ACP (practically all low-income); middle-income; other-low income; and (b) by regions: Latin America; Sub-Saharan Africa; Asia; and rest of the world.
- (iii) By type of beneficiary or main implementing body: Central Government administration (Ministry, Government agency, Government managed Business Support Organisation (some Chambers of Commerce, PSD programmes), Privately managed BSO, NGO.
- (iv) By type of instrument: Grant, and Technical Assistance<sup>5</sup>.

30. **Evaluation questions.** In order to keep the task manageable, the main questions tabulated below select and regroup the tentative list of questions included in the ToR for this study. The evaluations questions of this report are therefore the following:

**Table 2: Evaluation questions**

	<b>What are the determinant factors of success and failure?</b>
<b>EQ1</b>	What constitutes good or bad practices, what is the appropriate mix of instruments, and under which conditions? Looking at the various OECD-DAC criteria, are there some aspects where EU operations seem to perform better and others where they do not?
	<b>Is the M&amp;E system appropriate and well-designed?</b>
<b>EQ2</b>	Are results available? Are the indicators appropriate, attributable, with a baseline and measurable (do they meet the SMART (Specific, Measurable, Achievable, Relevant, Time-bound) criteria)? Is the contribution to higher objectives measurable? How do impact assessments and comparisons with reference groups enhance M&E? Are qualitative approaches included in M&E?
	<b>How are cross-cutting issues best taken into account in project/program design, and project/program contributions reported in the evaluations?</b>
<b>EQ3</b>	How is employment taken into account in the design of the project, its implementation and in its monitoring and evaluation? How are gender, environment, governance, taken into account
	<b>What are the strength and weaknesses of the evaluations, and what determines the quality of evaluation reports?</b>
<b>EQ4</b>	Are the evaluations comparable (i.e.; use a consistent assessment framework) and present results and ratings that are well justified, and based on OECD-DAC criteria? Do they consider information in the ROM System and the take into account the mid-term review? Are there examples of both best practice and others where the analysis seems weak?
	<b>To which degree are the projects/programmes adapted to the local conditions?</b>
<b>EQ5</b>	Do evaluations identify synergies/additionality when projects/programmes tackle multiple issues? How well did design take into account country context? Is there a clear definition of SMEs? How do partnerships with the private sector as partner enhance or undermine the activity?

<sup>5</sup> Other instruments such as blending were not part of the operations covered.

### **C. Additional Data Collection and Constraints**

31. The consultant faced three types of constraints due to missing information and documents, lack of clarity in the analysis presented in evaluation reports, and more fundamental issues related to operations' internal M&E. The recommendations to this report include proposals to address the noted shortcomings.

32. **Availability of Basic Documentation.** The documentation originally provided was limited to the Final Evaluations of the projects or programmes, Result Oriented Monitoring Reports (ROM, in about 80% of cases), and occasionally included Mid-Term Reviews (MTRs). The consultants asked for more information, in particular the Financing Agreements (FAs) including their annexes (which describe the operation), and the Financial Data (CRIS fiches) and Identification (i.e., consultant appraisal) Reports. The FAs and annexes were usually available while the others were not, except in a handful of cases. These documents, including detailed identification report, project Fiche that taken together constitute a complete but segmented set of project appraisal documents<sup>6</sup> were generally not available. As a result, the "Technical and Administrative Provisions" (TAP) Annex 2 to the Financing Agreement was the main document consulted in order to understand the operations' design. This document does not have the same coverage as full appraisal reports and thus lacks key information – for instance on the knowledge base for the operation and detailed assessment of partner institutions. It therefore limits what can be said about quality at entry and design issues, other than what is dealt with in the final evaluation report – which notwithstanding shortcomings became a key source for the analysis.

33. **Quality of Documents.** A thorough review of the above-mentioned documents that were made available to the consultants, revealed that certain data and information constraints would limit what could be studied and to which level of specificity. Many of the issues encountered are discussed in the course of the analysis. Most evaluations had shortcomings, the most common of which were incomplete information, internal disconnect, the absence of clear evidenced-based conclusions and ratings according to DAC criteria. The evaluation reports were also of uneven quality. The majority fell short on clarity, candour, internal consistency, integration of international best practice (such as evaluating objectives) and the identification of missing information. It is possible that shortcomings in evaluations relate to a "fatigue" factor of evaluators and EU staff, who are aware the problems. The absence of past corrective actions eventually leads to the problem being ignored and not repeated again in the form of adequate recommendations in subsequent evaluations.

34. A final concern relates to the tension that may exist between undertaking the evaluations while at the same time providing the basis for a follow-up operation. In many cases, such proposals are appropriately in the form of lessons learnt and suggestions on the way forward. However, in a handful of instances, the evaluators went beyond this and either fully identified a follow-up operation (India) or appeared to have been preoccupied with strongly advocated continuing the previous implementation arrangement that appears to have lacked in objectivity (Cote d'Ivoire).

35. **Interviews.** During June and July 2015 interviews were also held with some local stakeholders, and consultants (evaluators, project implementation team, project designers). These exchanges were mainly in the form of teleconference, with a handful of face-to-face meetings. Given the absence of key identified counterparts (in a few cases, such as the Haiti project, they could not be located as they had left the service of the EU) some questionnaires were also sent to the relevant persons, with limited response. About 25% of the operations were covered by this exercise which shed light on the experience of EU staff overseeing the operations in the field. Furthermore, a handful of consultant, on the condition of anonymity, provided interesting insights on their experience with the evaluation of EU funded PSD operations.

36. **Quality of data.** Lack of reliable M&E data is systemic not only for EU PSD operations, but also one that permeates those of all other donors. Major shortcomings in this area hinder the documentation of the impact of specific activities, and make it all but impossible to quantify contributions to cross-cutting

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<sup>6</sup> An Inception report for EU PSD operations is also prepared a few months after the signature of the financing agreement. Such reports, which were also not available, usually update the appraisal.

themes. The M&E issue is discussed separately in a subsequent section and is a key part of recommendations.

## IV. STRATEGIC CONTEXT

### A. EU PSD Strategy

37. EU commitments regarding its recognition of the role of the private sector development (PSD) in development effectiveness are set-out in a 2011 Commission Communication on "Increasing the impact of EU development policy: an agenda for change"<sup>7</sup>. They are further detailed in a recent communication "A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries"<sup>8</sup> adopted in May 2014. Both communications offer the same vision on the role of the private sector; the latter's is much more detailed.

38. This vision encompasses two complementary axes:

- (i) Development of a competitive, job-creating domestic private sector integrated into global markets. This is to be achieved through a combination of measures including improved access to finance, enhanced business environment and improved firm- and cluster-level skills and know-how.
- (ii) Attraction of private foreign investment. One aspect is to building linkages with the domestic private investment, thus transferring know-how and enhancing access to export markets. Another dimension is to accelerate investments in infrastructure and improve delivery of public goods, notably through private public partnerships (PPPs). This approach complements the financial efforts of fiscally over-extended Governments and contributes to improved capacity. In turn, PPPs contribute to alleviating a major constraint on the business environment of firms – access to infrastructure -- and the achievement of social objectives.

39. Even though the EU strategy was not spelt out in this manner when the operations reviewed here were prepared, all are broadly consistent with the first axis of the strategy. It should be noted that PPP operations were not covered by the ToR for this study and were thus excluded from it<sup>9</sup>. Another aspect of the EU PSD strategy is that there is no explicit consideration of elements such as the development of infrastructure (notably energy), and health, education and vocational training that are key to PSD. However, these longer-term supply side dimensions are covered in the agenda for change communication.

### B. Visibility Objectives

40. All EU PSD operations include a visibility objective that differs from the one sought in terms of development impact. An extended detailed discussion of this area is beyond the scope of this report, but the interested reader may refer to a detailed operational manual<sup>10</sup>. The thrust of the approach is to "ensure that actions that are wholly or partially funded by the European Union (EU) incorporate information and communication activities designed to raise the awareness of specific or general audiences of the reasons for the action and the EU support for the action in the country or region concerned, as well as the results and the impact of this support." This goal has an implication in terms of ease of access to information pertaining to EU operations that is discussed later.

### C. Recipient Strategy

41. EU support is based on the principle alignment with country or regional strategies enshrined in the Paris Declaration on aid effectiveness. All EU PSD operations are thus linked to national plans and poverty strategies, as well as more specifically to national PSD or sectoral strategies when they are formulated often with support from development partners (for instance, the Egypt sector budget project covered in this report was based on a GTZ study of the cotton and textile sector that had been endorsed

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<sup>7</sup> COM (2011) 637.

<sup>8</sup> COM (2014) 263.

<sup>9</sup> Presumably because PPPs are considered to be primarily related to infrastructure development instead of PSD.

<sup>10</sup> Communication and visibility manual - European Commission.

by Government). These strategies are therefore integrated on a case-by-case basis – notwithstanding the criticism from the recent EU evaluation of PSD operations that better prioritization is needed. The consultants did not identify any cases where operations at completion were no longer aligned with EU or national strategies.

42. Multi-country programmes of the EU tend to have a less direct relationship with country strategies, even if individual activities funded are intended to be aligned with them. In some cases a programme may also be aligned with a regional initiative (such as the Caribbean Trade Agency). An important recent evolution concerns a decision by the Africa, Caribbean and Pacific (ACP) group of countries, which constitute a key target group for the EU. ACP is in the process of formulating a PSD strategy<sup>11</sup> that may help provide a basis for country level operations as well as programmes (such as ProInvest and BizClim, covered here). As the ACP strategy is still being formulated no further analysis here seems warranted at this juncture.

#### ***D. Engaging with the Private Sector<sup>12</sup>***

43. The meta-evaluations of other donors have emphasised the importance of involving the private sector in various aspects PSD operations, thus finding a balanced role between it and the Government. Some development partners, such as Australia<sup>13</sup> in August 2015, have even taken the notion further by actively seeking co-financing of development projects through private sector financing of aid.

44. The need for a balanced approach also comes-out in EU's own evaluations, including the 2013 multi-country PSD evaluation that recommends that there are times where alignment (for instance working with specific public institutions) needs to be carefully considered. Moreover, most the evaluations that explicitly address the issue conclude that EU PSD operations do not give a sufficient role to the private sector, and when such a role is given, it is frequently undermined during implementation – for instance when steering committees that include private sector representatives do not operate or do not meet as frequently as had been envisaged.

45. According to the large majority of their poverty reduction strategies, Governments in developing countries now consider their main role to be encouraging private sector-led growth, while at the same time improving public service delivery. The former implies that they facilitate private initiative, while directly providing an appropriate enabling legal, institutional and regulatory environment. In the 1980s and 1990s, this strategy led to the divestiture of the public sector of industrial and commercial activities. This reform took various forms that ranged from outright sales to stimulating private initiative through facilitation of entry. The approach was intended to increase competition by private SMEs and to attract foreign investments in areas hitherto largely reserved to the public sector. Reforms contributed to generally successful outcomes, provided the process was well-managed<sup>14</sup> – for instance when competitive markets were encouraged by dismantling local monopolies and trade barriers. A most striking example of a sector's reform relates to telecoms: the Information Technology sector in Sub-Saharan Africa has since 2000 contributed 0.5 to 1 percentage point to annual GDP growth.

46. However, providing a greater role for the private sector had implications for Government institutions: (i) the responsibilities of technical line ministries evolved from control to facilitation, and their staff had to adjust to a new approach towards private sector-led growth, while at the same time the ministries were implementing public service reforms which puts greater emphasis on service delivery; (ii) there were political economy implications in terms of loss of opportunities for ministries to exercise patronage, oversee larger budgets and benefit from greater economic power; (iii) in some cases (notably

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<sup>11</sup> [New Private Sector Development Strategy - ACP.](#)

<sup>12</sup> This section, which is somewhat detailed, is in response to a request by the RG during the July meeting to provide a relatively detailed analysis of the issue that covers political economy considerations.

<sup>13</sup> [Creating shared value through partnership.](#)

<sup>14</sup> A number of studies of Sub-Saharan Africa make this point. See for instance 1994 World Bank study: [Macroeconomic reform and growth in Africa](#) which concludes that improved policies are still associated with improved performance. A similar conclusion is reached by an FAO study that provides a positive assessment of reforms in Africa since the 1980s: [Trade and economic reforms in Africa.](#)

utilities) economic regulation had to be put in place resulting in the establishment of various agencies; and (iv) in other instances, promotion-type agencies were deemed to be needed to administer/facilitate private investment<sup>15</sup>.

47. Since the 1990s, governments of developing countries have adopted private sector development strategies that are underpinned by policies (such as investment climate reform), public investments and improved institutional arrangements. These strategies were reinforced and operationalized by analytical work funded by development partners, such as “integrated framework” studies<sup>16</sup> funded in part by the EU that were focused on trade assistance and private sector development. These documents thus identified areas where private sector development could be facilitated and furthermore proposed the establishment of public institutions and agencies that would be responsible for delivering such facilitation and promotion services. One notion behind these agencies is that they would recruit highly skilled staff, as they would not necessarily be subjected to civil service rules, and that they would be able to deliver high calibre services by focusing on core competencies.

48. In most cases there has been limited discussion of whether the fact that the public sector had a role to play necessarily justified setting-up a new institution, what role the stakeholders, especially the private sector, should play, and if a new agency was needed whether a consolidation of functions with common skills requirement would not result in economies of scale, greater efficiency and enhanced sustainability (an example of this is in area of infrastructure regulation and whether the regulatory agency should be multisector or not). In the cases of Sub-Saharan Africa, and elsewhere, this seems to have led to excesses to which both government and donors contributed – for instance the 2003 study of Senegal<sup>17</sup> recommended the establishment of 12 new agencies.

49. From the political economy standpoint, many ministries in developing countries saw the establishment of new agencies as advantageous, with limited consideration of other factors including sustainability. A study<sup>18</sup> by the World Bank in 2000 (which looked at the institutional issue quite broadly) raised a number of concerns related to the multiplication of agencies, stating that “this will require a fundamental change in orientation. Instead of exercising control, agencies have to move toward facilitation and public service delivery..... Even with sufficient resources, public agencies are likely to deliver results only if they have strong incentives to perform—that is, if they are in some way held accountable.”

50. Notwithstanding these concerns, the trend during the 2000s, especially in low income countries including, Sub-Saharan Africa has been for the establishment of various types of agencies involved in private sector promotion. Assessing their performance as a group is outside the scope of this report, but issues have been raised over whether: so many agencies are needed, do they deliver expected results, and are they financially and institutionally sustainable? A 2012 study by the World Bank Group<sup>19</sup> (in partnership with ProInvest<sup>20</sup>, Spain and the EU) and reviews the effectiveness of 189 national investment promotion agencies worldwide. It concludes inter-alia that 78% of these agencies are not responsive to queries by investors and characterizes their insufficient support to investment climate reform a failure. A similar but more favourable assessment has been made of export promotion agencies. A 2009 study<sup>21</sup> by the World Bank of 104 developed and developing countries concludes that US\$35 of exports is associated with US\$1 of promotion (attribution is partial and there is a large variance in the figures for various regions). The keys to realizations appear to be based on the following factors: (a) success in exporting is inversely proportional to the country’s development level; (b) proliferation of

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<sup>15</sup> Effective enforcement of contracts, and fair and transparent settlement of commercial disputes are also need to support PSD. These are typically addressed through broad legal reform, which largely falls outside the scope of this study as this area is only narrowly supported by EU PSD operations – e.g., Intellectual Property Right (IPR) or in the context of investment climate reform.

<sup>16</sup> <http://enhancedif.org/>

<sup>17</sup> [Senegal: Diagnostic Trade Integration Study \(DTIS\)](#)

<sup>18</sup> [Can Africa Claim the 21 Century? - World Bank](#)

<sup>19</sup> [Global Investment Promotion Best Practices 2012: Eyes on ACP](#)

<sup>20</sup> This EU programme is covered by the present study.

<sup>21</sup> [Export Promotion Agencies: What Works and What Doesn't](#)

agencies should be avoided in favour of a strong but suitably dimensioned institution focused on non-traditional sectors or specific sectors; (c) a large share of the agency's executive board should be in the hands of the private sector; and (d) there should be substantial and sustained public sector funding.

## V. FINDINGS FROM PREVIOUS META-EVALUATIONS

### A. Development Effectiveness of the EU PSD-related Portfolio over the past 10 years

51. There is only one recent consolidated study, based on a select number of operations implemented during the 2000s, of how EU PSD operations have contributed to private sector development and ultimately, shared growth and poverty alleviation in developing countries. The present study is intended to provide a fuller picture by reviewing all PSD operations completed since the mid-2000s. The starting point of the assignment is to review relevant, even if partial, information available from various EU sources – two of which were referenced in the ToR and another that appears to contain relevant analysis, even if they also covers multiple sectors other than PSD.

52. **Multi-country evaluation of EU Support to PSD.** A multifaceted evaluation<sup>22</sup> of EU PSD operations between 2004 and 2010 issued in 2013 provides a recent and most relevant assessment starting point for the present review. Its sample includes two operations<sup>23</sup> as part of the country case studies that are also included in the present review. This evaluation was carried out on the basis of the five OECD-DAC criteria as well as considering EU value-added, and coordination, complementarity and coherence. The evaluation was in part based on a detailed review of documentation, as in the case of the present study. However, it also included extensive interviews and field work based on 10 country case studies – while this assignment only includes a limited number of interviews.

53. The main findings of the 2013 evaluation were the following:

- (i) Overall strategy, EU value-added and related implementation issues: EU funding was substantial (about €400 million per-annum) and potentially contributed to poverty alleviation, as well as linking PSD to trade liberalization and transfer of good practice and knowledge. EU positioned itself as a generalist, which enabled it to address country needs, but at the expense of lesser clarity on its specific role. A broad set of instruments were used to provide PSD support, but there were weaknesses in terms of their complementarity and synergy. However, the most important shortcoming appears to have been related to expertise, especially in Delegations, in the design and management of PSD operations.
- (ii) Country specific issues: While aligned with country priorities, PSD activities lacked focus and were not aimed at maximizing their impact. Furthermore, the objective of employment and quality job creation appeared distant [NB. the report does not explain whether this is because PSD operations do not contribute to job creation, or because this is not measured].
- (iii) M&E: Despite resources devoted to M&E, there were notable weaknesses in this area, principally due to a lack of clarity on expected results, weak indicators and lack of baseline. Nevertheless, the study reconstructs outcomes achieved and concludes that important results were attained at the macro- and meso-levels, as well as in middle-income countries, but not at the micro-level (enterprises).
- (iv) Other design issues and delivery mechanisms: Initial diagnostic was often insufficient. Delivery through public sector resulted in suboptimal choice of implementation partners. EU rules and procedures are not well suited to adjust to the evolving need of a dynamic private sector [PSD operations' implementation should be iterative].

54. The 2013 evaluation offers the following recommendations:

- (a) EU should continue to position itself as a generalist providing a wide range of PSD support (i.e. as an integrator). However, while interventions should be embedded in the context of cooperation with a country, EU should reserve the right not align them with activities where the pre-conditions

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<sup>22</sup> European Union's support to PSD in Third Countries. This study was undertaken in parallel to another on EU support to trade which is discussed below.

<sup>23</sup> Algeria, "Programme d'appui aux PME," and Morocco "Programme d'appui aux entreprises."



for success appear to be absent (in other words prioritize and focus better). This point also relates to engaging with public agencies that is discussed later in this report.

- (b) Conditions for maximizing development impact need to be gathered. They include, conducting the required technical analysis and consultations, prioritizing interventions, improving coordination between various EU mechanisms, and ensuring satisfactory implementation of M&E arrangements and the conduct of evaluations.
- (c) Appropriate expertise should be made available. This include building in-house capacity at the level of the Directorates-General and Delegations and regular knowledge sharing between them, taking advantage of partners' expertise, and ensuring greater collaboration with private sector organizations to tailor support to their needs and involve them in implementation. The present capitalization assignments seen as an input to such a process.
- (d) Address other issues by adapting PSD support to the specific challenges of middle-income countries (better targeted interventions), paying more attention to measuring employment impact, and improve communication of EU PSD strategy and PSD instrument (and presumably results, to enhance visibility).

55. Overall, the 2013 report provides useful analysis, and its findings and recommendations are quite pertinent and applicable today. Its main possible shortcoming concerns apparent "excessive editing" that may blur or weaken some of the messages, if the text is not read quite carefully. Nevertheless, the weaknesses in quality at entry and M&E come out quite clearly, even though the statement that funding for M&E being adequate does not resonate in the case of most operations covered in the present report (it may be that the report means external M&E in the form of ROM and evaluations). Another important point that is highlighted concerns the need to avoid automatic demand-driven support to public institutions when the priority of the activity they are implementing has not been established. Similarly, the lack of acquisition, retention and use of tacit knowledge within the EU is an important finding (and a motivation for the present study). The finding whereby micro-interventions are relatively less successful is also significant, as it differs from that of some development partners such as the World Bank and EBRD, amongst others. The divergent experience may be attributable to a combination of delivery system (through public versus private institutions) and "top-down" approach that tends to typify EU operations, versus bottom-up schemes.

56. A noteworthy shortcoming of the 2013 evaluation is that it does not provide a clear consolidated assessment of the sustainability of results. Nevertheless, the issue of sustainability is considered in various parts of the analysis and is broadly in line with the conclusions of the present report: in many cases the sustainability of results faces significant risks (C rating or D on A-D scale).

57. **Evaluation of EU Trade Assistance.** The 2014 evaluation<sup>24</sup> of EU trade-related assistance also includes some activities that are subsumed within PSD in this report. It covers the 2004-2010 period. Even though the present report generally does not cover many trade activities (e.g., customs support) that may affect PSD, there is some overlap with trade in the areas of strengthening quality infrastructure and, to a lesser extent, Intellectual Property Right (IPR). Some of the main findings also seem generalizable and thus applicable to PSD operations.

58. The main relevant (leaving aside those strictly focused on trade) findings of the 2014 EU Trade study are the following:

- (a) Good general alignment with partner' priorities. However, there have been some deviations recently, reflecting a trade-off between alignment will aspects of the partner's strategy and pursuing specific outcome efficiently and effectively. This point parallels the one made in the 2013 PSD evaluation.
- (b) Lack of absorptive capacity on the partner's side was an issue. Budget support proved quite effective, even though it was important to have national champions in favour of reforms, and this

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<sup>24</sup> [Evaluation of the European Union's Trade-related Assistance in Third Countries.](#)

required political economy analysis that was often lacking. Finally the delivery channels were effective.

- (c) There was effective coordination with member states and development partners, but more challenges at the national, regional and global level.
- (d) In the area of quality infrastructure (which is also considered PSD for the purposes of this report), much of the impact is unclear, even though more evident in relatively advanced developing countries. The impact of legislative revisions is unclear, but substantial capacity building has been delivered (there is no reference to its sustainability). Finally, there was limited progress in making engagement with international bodies more effective.
- (e) Engagement with the private sector and non-state actors remains a weak point.
- (f) Poverty reduction has not been adequately streamlined into the design and implementation of the operations.
- (g) The EU and its partners have often not undertaken monitoring of outcomes and impact, thus reducing learning opportunities.
- (h) Trade-related support to productive sectors has had higher impact when embedded in broader frameworks (i.e.; sector reform).
- (i) There should be better analysis of poverty, spatial and gender implications of operations.

59. A number of findings that are common to those of this 2014 EU Trade report are worth highlighting. These relate to the need to empower all stakeholders, notably the private sector, improve M&E, and the importance of absorptive capacity and identifying national champions. With respect to quality infrastructure, which are included in about a quarter of the operations reviewed in this 2014 EU trade report, the main message is one of ensuring sustainability whereby approved laws and regulations are adequately implemented (this is the same point as the one made by the evaluation of the China IPR project reviewed here, which was otherwise a success story).

60. **Evidence from Central Asia**<sup>25</sup>: This audit from the European Court of Auditors covers EU assistance between 2007 and 2012 to five countries in Central Asia. It covers all programmes, only some of which are in the area of PSD. Nevertheless, despite somewhat different scope, it provides useful insights. The main pertinent findings and recommendations of the audit are the following:

- (i) There was strong strategic relevance with both the partner countries and EU priorities, and planning was sound, but implementation of was less than satisfactory.
- (ii) EU support covered too many sectors (in an apparent trade-off between breadth and depth).
- (iii) Too many small projects imposed excessive administrative burdens on delegations.
- (iv) Efficiency in use of EU resources was not demonstrated.
- (v) Implementation experience was mixed: it was slow overall; regional programmes generated limited synergy; there were some arrangements for learning that would feedback into implementation, even though timeliness was an issue as was taking on board relevant recommendations.
- (vi) Evaluations tended to focus on reporting on activities rather than results.

61. In line with the main findings from the review of PSD evaluations presented later in this report, the above conclusions reflect sound strategic relevance. They also highlight insufficiencies in terms of quality at entry leading to implementation and efficiency issues, as well as ineffective use of feedback mechanisms to redirect operations as needed. This underscores the point that even though the present

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<sup>25</sup> [Special Report No 13/2013 – EU Development Assistance to Central Asia](#); European Court of Auditors.

assignment is focused on PSD, some of the issues it highlights are characteristics of broader EU assistance and may eventually need to be addressed through systemic changes.

### **B. Evaluations of PSD Operations Funded by other donors**

62. The synthesis of operations undertaken by other donors involved reviewing 21 recent reports (issued since the mid-2000s) prepared by 7 Member States, as well as multilateral agencies and bilateral donors – See Annex 8 for full listing. These reports were analysed and summarized in fiches that were annexed to the Inception Report, and provided the basis for the above-listed additional questions. The present section does not aim to summarize each study, but rather bring-out common themes or specific experience regarding what works or what does not in order to inform the recommendations made concerning the way forward with EU operations.

63. **Emerging approaches embodied in operations.** The literature review resulted in the identification of certain PSD approaches that are not yet part of standard EU operations:

- (a) **Growth poles.** This approach entails development of zones that are clustered typically around one or more anchor large private investment with which linkages are established. It entails a combination of mutually reinforcing development of human and physical infrastructures, together with various type of PSD support to domestic firms and to improve the investment climate. Growth poles are an old concept (it may be argued that the Panama Canal was a very early example) that has been revived recently, for example by the World Bank through some projects in Africa<sup>26</sup>. Even though there is expectation that this approach (which in many ways also resembles that pursued to promote special economic zones) may yield positive, non-incremental outcomes, it has not yet been the subject of a systematic multi-project evaluation<sup>27</sup>. Growth poles projects include PSD as well as infrastructure development, which even when they involve public-private partnerships is quite expensive (required funding for the project may range between €100 million to €1 billion or more). This may be beyond the financing capacity of the EU for a single country, but may be relevant as part of a co-financing arrangements with Member States or other development partners.
- (b) **Making markets work for the poor (M4P).** The approach tries to address the needs of the “bottom billion.” The central idea is that the poor are dependent on market systems for their livelihoods. Therefore changing those market systems to work more effectively and sustainably for the poor will improve their livelihoods and consequently reduce poverty. In practice the instruments are those utilized in PSD and infrastructure projects, but combined in a way that give markets central focus. They stimulate investment and encourage firms to innovate, reduce costs and provide better quality jobs, goods and services to more people<sup>28</sup>. Based on review of public documents, there has not been any systematic review synthesizing experience so far. Some research<sup>29</sup> has expressed doubts over the effectiveness of the approach in terms of reaching the poorest of the poor, while others have endorsed and supported such schemes – see further discussion below.

64. **Ratings on the basis of OECD-DAC criteria.** Even though most of the evaluations and studies refer to the OECD-DAC evaluation framework and criteria, most stop short of rating the different dimension that were the subject of the analysis. A notable exception is the GTZ study, which suffers from aggregating these ratings based on a limited number of observations and on data points that are not fully

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<sup>26</sup> Growth poles are simultaneous, coordinated investments in many sectors to support self-sustaining industrialization in a country. The following paper describes the approach and World Bank experience to-date in more detail: [Growth Poles: Raising Competitiveness and Deepening Regional Integration](#).

<sup>27</sup> A February 2015 paper by the Center for Global Development presents initial lessons from a sample of 20 World Bank projects: [when Agglomeration Theory Meets Development Reality](#). This study provides interesting insights, but cannot be considered an evaluation.

<sup>28</sup> The DFID review included in the synthesis reflects this approach. Additional information is also provided in a 2008 study undertaken jointly by DFID and SDC “[A Synthesis of the Making Markets Work for the Poor \(M4P\) Approach](#)”

<sup>29</sup> A 2014 academic paper presents a balanced view of the various arguments. See: [Can the “Making Markets Work for the Poor” \(M4P\) approach reach the poorest, and are there measures to improve its inclusiveness?](#)

comparable as they were observed at different stages of project implementation (such as mid-term review and post-completion). In practice, with a few notable exceptions (e.g., GTZ, EBRD, Austria), most evaluations concentrated on specific topics and themes, notably M&E, and did not use the full set of OECD-DAC criteria in their analysis. In the case of those that did, some of the ratings appear to be mainly on the optimistic side, especially in the light of shortcomings in impact assessment and absence to demonstrated efficiency.

65. **Strategy and approach.** A number of evaluations propose a theory of change associated with various types of PSD operations. These are broadly in line with the approach underpinning the 2014 EU strategy. However, some (e.g., Netherlands) also consider infrastructure and PPPs as an integral part of their strategy and theory of changes. There is a general consensus amongst development partners about the types of approaches to be employed to stimulate domestic private sector development, which may be summarized as addressing access to finance and know-how constraints at firm level, while tackling investment climate issues. The EU strategy is thus aligned with that of Members States as well as bilateral and multilateral donors. However, there are important variations in the implementation and design of programmes that differentiates them from one-another and at least partly explains disparities in performance and impact. These variations include the following:

- (i) Role of the private sector. Some partners, notably USAID and DFID, while recognizing the importance of working with Governments and their institutions, put great emphasis on working directly with the private sector. This is usually done by ensuring that the private sector and banks (in the case of financial intermediary lending) are well represented in the operations' governance structure and where possible directly execute certain activities. Furthermore, working at enterprise level is seen as relatively effective (e.g.; Netherlands) as is the promotion of lobbying by business chambers and associations (GTZ).
- (ii) Top-down versus bottom-up approaches. The main design issue is how closely the operation works with the ultimate beneficiary, public or private, without going through intermediary filters. Many studies emphasize the need to provide direct support to final beneficiaries, even though the risk of adverse selection and bias in favour of politically favoured or otherwise unsuitable enterprises is also noted when targeting is too specific.
- (iii) Comprehensive versus segmented support. Some approaches focus on a particular topic (such as access to finance or know-how). Others are more comprehensive and based on clusters and value chain approaches -- notably the M4P<sup>30</sup> approach supported by DFID and Sweden and which especially focus on the poorest segment of the population.
- (iv) Ability to redirect activities as needed. Agile implementation in terms of being able to quickly change approaches by abandoning what does not works seems to be associated with better developmental outcomes (for some donors formal mid-term reviews play a crucial role in triggering change).

66. **Impact.** All the studies reviewed reveal the same major shortcoming with respect to the inability of project to substantiate output (e.g., jobs) and ultimate outcome (e.g., gender or poverty), relying instead on inputs (disbursements, training given etc.). This undermines somewhat the credibility and influence of evaluations with respect to the assessment of outcomes. Furthermore, in some cases where an effort is made to undertake more rigorous assessments (e.g., Netherlands), impact tended to be less than originally estimated. In other words, while PSD operations deliver outputs that are needed for development, they may not be sufficient in delivering substantial outcomes without additional measures being taken elsewhere.

67. **Systemic Weakness in M&E.** The inability to assess impact comes from fundamental and continued flaws in the evaluation systems that have been largely left unaddressed, even though the issues have been identified for some time. Process issues include inadequate indicators that are not well

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<sup>30</sup> Making Markets Work for the Poor. Note that the evaluation by SIDA is somewhat sceptical of the effectiveness of this approach.

collected and lack baseline. A more fundamental problem concerns the absence of quantitative assessment built from the outset into the project/programmes and/or undertaken ex-post. Most evaluations recognize that good M&E is important, not only to measure impact, but as a means of reorienting an activity during implementation so that development impact is enhanced. Many evaluations (e.g., AFD) discuss various quantitative methods (experimental and non-experimental) at some length and advocate their systematic use in PSD operations. However, none actually present an estimate in terms of how much such approaches would cost, say as a percentage of operating costs – evidence from individual projects where this has been done, suggest that cost of effective M&E is not be trivial.

68. A pragmatic suggestion to alleviating this problem is put forward in the DFID study, which basically argues for best feasible effort. Noting that no approach is perfect, the solution proposed involves using a combination of M&E approaches, relying on what is most feasible: (i) top-down quantitative (experimental or non-experimental); (ii) bottom-up quantitative (aggregating micro data); and (iii) qualitative, including surveys. The argument for such a mixed approach is that top-down M&E's results only become available after the project is over, which diminishes its usefulness as means to steer the project. Experimental methods also excludes potential beneficiaries (see World Bank), which in the case of small low-income economies may be viewed as counterproductive and unfair due to limited number of firms engaged in particular activities.

69. An operation's M&E in terms of design may rely on two complementary approaches:

- (a) Data on indicators that are collected during implementation, with progress assessed by comparing initial and end conditions. The framework for such an approach is provided through ad-hoc measurements, such as a Logframe (adopted by many donors in the late 1980s<sup>31</sup>) that links activities to specific and overall objectives, or results framework<sup>32</sup> (with which donors such as the World Bank and IFAD adopted as an evolution of Logframes) which focus more on specific objectives and try to ensure closer logical links.
- (b) Various types of qualitative and quantitative impact assessments ranging from satisfaction surveys to experimental and non-experimental methods. The latter is considered important enough for the whole AFD study being largely devoted to it.

70. **All the reviews, irrespective of donor, cite poor M&E design, implementation and use as a reason for not being able to adequately document operations result**<sup>33</sup>. Most projects are found to lack even basic requirements for SMART indicators (including baselines and targets, which are mandatory for World Bank projects). The Austrian study characterizes the Logframes as “good but with missing links”. A study by SIDA<sup>34</sup> (with broader focus than PSD) also asks the question whether Logframes are appropriate framework for presenting the results of an operation and their related indicators. The report highlights strengths and weaknesses and concludes “The ideal is to find a new approach which will build on the strengths of the logframe, while avoiding its weaknesses.” In the case of PSD operations where attributions are often partial and quantitative data is hard to gather, it seems that specifically designed impact assessments are needed.

71. Few operations anticipate the need for, or undertake impact assessments. The reasons for inadequacies in M&E are not always clearly explained in the evaluations, even though the DFID study provides technical reasons. More specifically, in the case of quantitative approaches, the issue of funding which appears important is either not mentioned or brushed aside<sup>35</sup> while the issue of exclusion of control

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<sup>31</sup> According to the SIDA study cited below (<sup>23</sup>) “The logframe was adopted by USAID for development projects over thirty years ago. It was picked up by European development organisations in the 1980s and by the end of the 1990s it had become the standard approach required by many donors for grant applications.”

<sup>32</sup> For more details see DESIGNING A RESULTS FRAMEWORK; World Bank IEG, 2012.

<sup>33</sup> For instance a DFID PSD project in Ethiopia (Private Enterprise Programme Ethiopia) had an allocation of €2.8 million (3% of the total grant) for the sole purpose of conducting M&E.

<sup>34</sup> The use and abuse of the logical framework approach, SIDA, NOVEMBER 2005 • OLIVER BAKEWELL & ANNE GARBU.

<sup>35</sup> For instance World Bank SME finance impact assessment framework states that “Rigorous M&E is not necessarily much more costly than minimal standard M&E, as the data it requires should be collected anyway. The inconvenience

groups is cited as a constraint (see World Bank meta-evaluation of support to SMEs). However, the issue of cost is not trivial, especially for more complex M&E, and may lead to a debate on whether the cost of the activity justifies potential benefits – the EU India operation reviewed in this report included an ambitious and well-funded impact assessment that was cancelled upon government request. Another consideration is that M&E is context sensitive and a “one size fits all” approach needs to be avoided. Nevertheless, irrespective of the reason, the overwhelming evidence concerning systematic and repetitive shortcomings in donors PSD operation leads to the conclusion that a main issue is that this area is not given sufficient priority and as characterized by the IFAD study “well defined incentives and accountability are lacking.”

72. **Sustainability.** This area is directly cited as a weak point in some studies (e.g.; Netherlands) while others mention that sustainability cannot be assessed due to inadequate information (SIDA). None of the studies mention sustainability as a strong point.

73. **Effective and ineffective approaches.** Overall, the meta-evaluations reviewed appear to suggest that PSD operations’ outcomes have been uneven<sup>36</sup> even if the majority have been deemed successful. The key factors are as follows:

- (i) Utilization of mutually reinforcing instruments (IFAD; World Bank; IFC Agribusiness). A specific finding pertains to access to finance where the provision of technical assistance to intermediaries and beneficiaries increase likelihood of success (IADB; SIDA) as does an improving investment climate (AfDB). On the other hand, the DANIDA study concludes that the sequencing of reforms is important and should start at the macro level. This is further detailed in the GTZ study which identifies the following factors: (a) capacity development; (b) holistic or multi-level approach especially the increasing focus on the macro level, which provides better leverage; (c) the value-based approach (i.e.; the combination of economic, social and ecological objectives and the contributions to good governance); and (d) market orientation paired with the establishment of market mechanisms and elements of competition between service providers.
- (ii) Adequate analytical work and full consideration of country context improves the outcomes of PSD operations (IADB). SME support is effective when based on good understanding distinguishing characteristics of the key subsectors and clear definition of what constitutes an SME (World Bank; AfDB).
- (iii) Good documentation quality (World Bank).
- (iv) The IFC evaluation provides a good insight into factors affecting outcomes in agribusiness: (a) traditional top-down approaches to provision of extension/farmer training generally did not work, and provision of extension services by companies, in a situation where the company and the farmer share benefits of the extension, is a sustainable way of providing extension (e.g.; outgrowers); (b) information and Communications Technology (ICT)-based models show promise as successful means of providing market information.
- (v) EBRD’s demand-driven Business Advisory Services was a multi-country programme administered both centrally and at country level – an effective combination. There is good evidence of output being delivered, but impact was not measured. The most important issue affecting the programme was high administrative costs, amounting to about 50% of resources.
- (vi) Qualified staff employed by donor agencies (SIDA).

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of the experimental approach is that some potential beneficiaries are excluded ex-ante, the evaluation system needs to be in place before the project starts, and results may be context specific. Non-experimental methods are more challenging. Minimal standard monitoring is simpler, but results tend to be less rigorous.”

<sup>36</sup> Few agencies publish portfolio results. The World Bank is one that does and according to IEG’s 2013 report “[Results and Performance of the World Bank Group](#)” 70% of PSD projects were rated moderately satisfactory or better (on a 6 point scale). In the case of ADB, success rate was 58%. On the other hand, the DANIDA study states that the weak analytical basis for the evaluations undermines the credibility of the results.

74. **What works?** The evaluations bring-out two important factors that contribute to success. First, it seems that there are synergies/additionalities associated with providing multifaceted support through a combination of instruments. For example, studies (e.g., EDFI, AfDB, SIDA, IFAD etc.) have found that access to finance projects are more effective when credit is accompanied with capacity building efforts. Similarly, MSME (Micro, Small and Medium Enterprise) support is more effective (EDFI, AfDB, World Bank) if business environment constraints that affect this segment disproportionately are reduced and formalization is encouraged. The second factor, repeated almost universally, concerns the need to take into account country context in project/programme design and implementation and avoid a “one size fits all” approach. The above-mentioned EBRD advisory services programme offers a practical way to address this issue.

75. **SME/MSME Support.** The evaluations note that there may be slight variations in the definition of what constitutes an SME. The most common criteria are the following criteria: (i) 10-250 employees; and (ii) loan amounts ranging from about €25,000 to €2 million. Micro enterprises fall below the lower bounds. Many study note that the MSME sector is seen as a driver of employment and growth. However, once quantitative data is analysed their relative contributions do not appear to be greater than that of large firms (Japan, World Bank). In the case of micro enterprise, jobs created are not of high quality (ILO) and their impact may be more on welfare than growth (SIDA). A most comprehensive review of its MSME portfolio of projects by the World Bank Evaluation Group presents the following conclusion that seems in line with the experience of other donors: “The World Bank SME access to finance projects achieved successful development outcomes, but efficacy and efficiency are hard to assess due to poor M&E. Implementation timeframe has often proven too short<sup>37</sup> and over-complexity led to restructuring, extensions and cancelations.”

76. **Regional differences.** The various reports reviewed did not reveal any substantial specific discussion of difference in experience based on country status. However, some noted that projects/programmes did not always target difficult environments and fragile states, where returns would be high, as would the risks.

77. **Contributions to cross-cutting themes are ambiguous.** Few evaluations report on the impact of operations on issues such as poverty alleviation, employment etc. The aforementioned weaknesses in M&E may be a reason. Nevertheless, the reported findings in these areas reflect relatively weak impact. For instance, the ADB evaluation reports limited contributions to gender, environment and growth.

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<sup>37</sup> It should be noted that World Bank SME projects have a typical designed implication period of five to six years (twice the EU's mandated period) which often needs to be extended by one to two years.

## VI. DETAILED FINDINGS FROM EU EVALUATIONS

### A. Overview of Achievements of Operations according to OECD-DAC criteria

78. A major conclusion of this report is that EU PSD operations have failed to perform well based on OECD criteria and only one third or so can be considered successful – aggregating the ratings of the five criteria. The basis for this conclusion originates from a detailed, careful reading and extrapolation of 45 evaluation reports. The need for such retrofitting exercise (determination of formal ratings, implicit in the reports) was due to the fact that only a handful of evaluations present ratings according to OECD-DAC criteria. Instead, the evaluations' text uses qualitative judgements, and presents both achievements as well as shortcoming, with the former being on average being given greater weight. Moreover, a revisiting exercise<sup>38</sup> was carried out, as it was noted that that the qualitative judgement given in the evaluation was often more positive than the analysis of the evaluation would imply.

79. The retrofitting exercise consisted of entering formal ratings that seem to be implicit (qualitative statements) in the evaluation reports. In addition, in about half the cases, the ratings were revisited based on the quality of evidence and generally accepted evaluation practices. It should be noted that this whole exercise was somewhat onerous and not anticipated either in the TOR or Inception. Therefore, as agreed with the RG on 29 July 2015, revisiting of rating was only undertaken for about half the operations. The following approach was utilized in quantifying the ratings:

(a) Retrofitting exercise:

- All rating based on the A-D scale used in ROMs.
- Where text and rating is inconsistent, use latter. This issue is encountered for instance on sustainability, which may be rated B even though text says it is unlikely.
- Reports rarely present consolidated assessment of objectives or operation as a whole, focusing instead on components. Aggregate ratings are derived based on the write-up for the various components.
- When the intended rating is unclear, a range is presented.
- In a few case the relevance of objectives and design are assessed separately. In such cases, the two ratings are averaged or a range is presented.

(b) Revisiting ratings:

- When evidence is weak or not presented, lower rating is applied (this is a standard approach adopted by some donors' evaluation units). A notable example of this concerns the Egypt Spinning and Weaving Sector support project (#24), which characterizes the worker retraining as “undoubtedly good” without presenting any credible evidence<sup>39</sup>.
- Strategic dimension is given less weight than the design one in the relevance rating. The logic behind this is that EU PSD operations are never designed in a way that is contrary to

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<sup>38</sup> The revisiting of ratings by the authors of this report based on their experience as evaluators was conducted for half the projects. The actual ratings obtained are not shown here as the retrofitted ratings are sufficiently telling.

<sup>39</sup> Documents state that “early retirement schemes are financially and socially too costly and even wasteful when compared to the contemplated active labour adjustment, workforce redeployment and re-employment.” However, this should have been validated through costs estimates and comparison of alternatives (such as retrenchment) and a review of experience elsewhere.

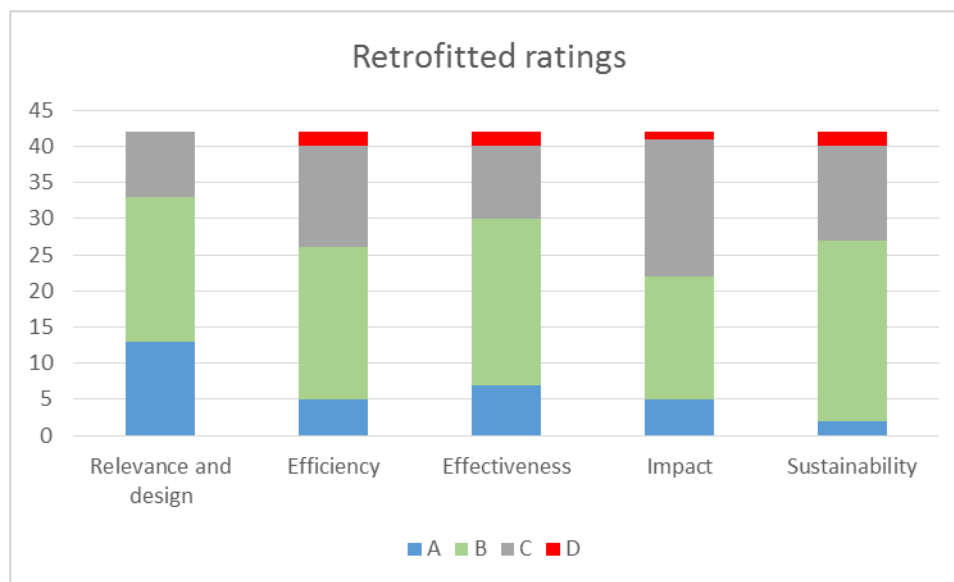


Government and EU strategy, and a substantial mid-implementation shift in such strategies is most unlikely to occur<sup>40</sup>.

- Operations that suffer significant delays (of a year or more) are usually downgraded in terms of efficiency as there is an opportunity cost in terms of alternative use and implementation (operational) cost increases. Substantial unused resources at project end (notionally 20% or more) affect efficiency, efficacy and outcome (less was done than planned unless evidence of substantial cost savings is presented). Our estimate is based on those evaluations which mention the amount actually disbursed. Most evaluations do not provide this figure.
- The sustainability rating is also based on a review of recommendations made in evaluations that shed light on whether the operations' results are likely to be sustained. For instance, proposals to substantially repeat activities or for an institution in which capacity was built to hire a new management are indications of low sustainability.
- In the absence of contrary evidence, align with evaluation.

80. The result of the retrofitting exercise is as follows summarized in chart 1 below.

Chart 1: Retrofitted ratings



81. It should be noted that the above chart may seem to suggest a higher percentage of success than the one third mentioned above – closer to 50%. This is because projects had notable different weaknesses that are hidden in the aggregate figures, and based on the text of the evaluation reports many of the B ratings were marginal at best (close to C).

82. The revisiting of ratings for a select number of projects that was undertaken by consultants admittedly includes an element of judgement based not only on their reading of the evaluation report, but also their experience as evaluators of EU and other donors' PSD operations. Table 3 below shows the result of this exercise for 18 operations. It should be noted that as an additional point of reference, the last available ROM rating for each operation is also shown. A point worth making here is that ROM ratings, except with a few exceptions (e.g., Uganda), appear to be in line with the retrofitted values of evaluations.

<sup>40</sup> Such a radical change may happen (and have occurred) for some types of operations, for instance those involving Public-Private Partnerships in social or physical infrastructure, or supporting structural reforms – especially when Governments change.

In some cases, they are even lower and in line to the revisited ratings (e.g., Algeria and Morocco). There is no evidence of systematic bias towards overstating operations' performance, even though some degree of optimism is justified by the fact that ROMs are undertaken while implementation is ongoing and therefore reflect experts' judgement on what is likely to be accomplished by the end of the operation.

**Table 3: Retrofitted and Revisited Ratings for select operations**

#	Country	Relevance and design			Efficiency			Effectiveness			Impact to date			Sustainability		
		ROM	Retrofit	Revisit	ROM	Retrofit	Revisit	ROM	Retrofit	Revisit	ROM	Retrofit	Revisit	ROM	Retrofit	Revisit
1	Algeria	C	B	B-C	C	B-C	C-D	C	B-C	C	B	C	C	B	C	C
3	Bangladesh	B	B	B-C	A	B	B-C	A	C	C	B	C	C	B	C	C
14	Caribbean	B	B	B	C	B	C	C	B	C	B	B	C	B	B	C
18	China	B	A-B	B	B	A	B	B	B	B	B	A	B	B	B	B
24	Egypt	B	B	B	B	B	C	B	B	C	B	B	C	B	B-C	C
34	Haiti	B	C	C	C	B-C	C	B	B-C	C	B	B-C	C	C	C	C
37	India	C	B-C	B&D	C	C	C	C	B	C	B	C	C	B	C	B
38	Indonesia	B	B	C	B	B	B	B	B	B	B	B	C	B	C	D
39	Intra-ACP	NA	A-B	B	NA	B-C	C	NA	B	B-C	NA	B	C	NA	B	B-C
40	Intra-ACP	NA	B	C	NA	C	C	NA	B-C	C	NA	C	C	NA	C	C
54	Morocco	C	B	B-C	B	B	C	C	B	C	C	B	C	C	B	C
55	Morocco	A	B	B	A	D	D	A	C	C-D	A	C	C	A	D	D
67	Indonesia	B	B	B	B	B	C	C	C-D	D	B	B-C	C	B	B-C	C
99	Cote d'Ivoire	C	B	B-C	C	B	C	C	B	C	B	B-C	C	NA	B-C	C
105	Swaziland	NA	C	C	NA	C-D	C-D	NA	D	D	NA	D	D	NA	D	D
107	Vietnam	B	B-C	C	B	B-C	C	C	B-C	C	C	C	C	C	C	C
108	Uganda	A	B-C	B-C	A	B-C	C	B	B-C	C	B	B-C	C	B	C	C
109	Ghana	NA	B	B	NA	B-C	B	NA	B	B	NA	B-C	C	NA	B-C	C
110	Algeria	NA	B	B	NA	C	C	NA	B	C	NA	C	C	NA	B	C

83. A further indication of weakness comes through the revisited ratings. The projects for which the exercise was attempted tended to be lower than that retrofitted to evaluations. Specifically, a quantitative exercise was undertaken through which numeric ratings (1-4) were assigned to each OECD-DAC criteria rating (ratings within a range were thus aggregated). Table 4 below displays the result of this exercise. On average, the difference between the revisited and retrofitted ratings is 0.41 points. The ratings of relevance (which is the better than that for other criteria) and sustainability tend to be the most similar (about 0.3 points difference), while the other three criteria show the greatest difference (about 0.5 points difference).

**Table 4: Average differences between numeric retrofitted and revisited ratings**

	Relevance and design			Efficiency			Effectiveness			Impact to date			Sustainability		
	Difference	Retrofit	Revisit	Difference	Retrofit	Revisit	Difference	Retrofit	Revisit	Difference	Retrofit	Revisit	Difference	Retrofit	Revisit
Average	0.32	2.13	2.45	0.47	2.45	2.92	0.53	2.42	2.95	0.45	2.55	3.00	0.29	2.74	3.03

84. The most common reason for this difference in appreciation is the impact of substantial delays on efficiency, and the presence of substantial unused portion of financing (say above 20-25%) on efficiency, effectiveness and impact. Overall, it may be concluded that the EU PSD portfolio's performance

compares relatively unfavourably to that of other donors (as noted in the synthesis of donors' meta-evaluations which suggested that the majority of operations succeeded -- see also note 25 above --, notwithstanding M&E issues that affect them all and weakens the evidence on which ratings are based.

## **B. What worked and what did not**

85. Chart 1, Table 3 and the subsequent analysis above reveal significant shortcomings and variability within the EU PSD portfolio performance. The discussion that follows focuses on effective and ineffective approaches and is based on a consolidation of specific issues documented in evaluation reports – primarily their executive summary and concluding sections. As noted earlier, the majority of EU PSD operations experience difficulties and fall short of their intended goals in terms of both Specific Objectives (SOs) and almost universally Overall Objectives (OOs). As a result the list of insufficiencies in any given operation tends to be longer than the list of achievements. Nevertheless, the overall level of performance should not hide the fact that some operations succeeded (as discussed elsewhere) and that even within less-effective ones certain initiatives and actions were relatively effective. This section is based on the review of all available evaluations. However, a detailed list of what worked and what did not is also provided in Annex 4 for all operations for which this was feasible. The most frequently observed circumstances are summarized below.

### *B.1. Relatively effective approaches*

86. Overall the results associated with operations of components that aim to strengthen Intellectual Property Rights (IPR), build quality infrastructure and focus on enhancing capacity in one or a regional few agencies (e.g., Caribbean Trade Agency – CEDA – or ASEAN institutions) -- especially when the outcome of these efforts is international accreditation and International Organization for Standardization (ISO) certification are satisfactory. It is worth noting that these results have been achieved in different regions, but typically in relatively advanced developing countries (middle-income or high performing low income). Cote d'Ivoire constitutes an apparent exception because of the conflict it experienced for much of the 2000s. However, it should be remembered that in the earlier period it was one of the most highly industrial countries in Sub-Saharan Africa. Also in some cases (such as India), laboratories have been built, but at the time the evaluation was issued, they had not yet been accredited while in others (#33 Guatemala) rate of use was quite low.

87. Strong private sector participation and ownership also appears to be an element of success, especially in low-income countries. This can take various forms, starting with the presence of private sector representatives on steering committees that is often cited as a positive factor – on the condition that such committees meet regularly and are not bypassed. Similarly support to IOs, which often meets limited success, may be effective if quite selective (e.g., the establishment of an apex chamber of commerce in Haiti) and if they benefit from strong support from members. The other dimension of private sector orientation is to integrate direct support to this group wherever feasible. A specific successful (in terms of attainment of SOs) example of this, is a recent highly focused (and innovative) advocacy challenge fund in Ghana (the sole and limited example of EU support to a challenge fund, an approach more frequently pursued, amongst others, by Nordic donors, DFID and the World Bank Group). Direct implementation by private sector organisations support was also one of the keys of the success project: #121 Integrated Development Support for the Caribbean Rum Sector, implemented by WIRSPA, a rum industry organisation.

88. As discussed elsewhere, small projects or focused funding based on delivery of a study, an action-plan, or a public-private forum may be quite effective on the condition that it feeds into a broader initiative – in other words there is follow-up. Conversely, an isolated activity is rarely deepened and sustained (for instance, in a number of cases evaluations state that laws have been prepared but not adopted or implemented).

89. Other examples of success in specific cases include the following:

- (a) Good, proactive management (e.g., BizClim).
- (b) Bottom-up approach, wherever possible.
- (c) Establishment of exports consortia.

- (d) In general, most operations that deliver a good portion of the planned activities, even if this may be quite late in the implementation cycle and be insufficient to deliver the intended outcomes.
- (e) Significant cost sharing (around 50% or more) is associated with strong ownership of the activity and attainment of intended results. On the other hand, funding requiring no counterpart appears to be misallocated and not very effective.

## B.2. Shortcomings

90. The evaluations have identified frequent recurring shortcomings in the design and implementation of PSD operations as follows:

- (i) Inadequate design, in particular due to over-complexity (especially when there are many unrelated components) and “*Saupoudrage*” – i.e.; too many activities that are under-funded, both on the private (e.g., IOs) and public sides (agencies, laboratories, etc.).
- (ii) Scope may be too limited (as opposed to excessive complexity). This includes activities that are a step in a longer term process that is not necessarily subsequently pursued (the Vietnam evaluation cites this as a major concern). A number of evaluations also cite the importance of addressing complementary activities that reinforce areas supported by the operation, notably investment climate reform<sup>41</sup> (another example from studies of other development partners is the importance in access to finance operations of providing complementary technical assistance to financial institutions and borrowers).
- (iii) Wrong counterpart that is too weak or uncommitted.
- (iv) Insufficient absorption capacity within beneficiaries.
- (v) Poor integration of past lessons and ineffective risk mitigation.
- (vi) Insufficient resource allocation to pro-active oversight during implementation.
- (vii) Administrative complexity (procedures), especially when additional to local procedures.
- (viii) Frequent change of implementation team. Cases where stability is greater have been associated with success, at least at management level (e.g., BizClim). Similarly, high turnover of staff within agencies being supported undermines the effectiveness of operations (there is no systematic tracking of this area under EU operations and it is therefore not possible to judge whether people who have been trained still occupy a position where the training is used).
- (ix) At least six months and more typically a time period exceeding a year is necessary for an operation to start activities, which then face a strict three-year horizon to commit resources. This may result in substantial undisbursed amounts at the time the evaluation takes place (20% to 50% in about half the cases) and undermine efficiency, effectiveness and impact.
- (x) There are too many instances of unclear and poorly defined objectives, weak and inadequate M&E, and lack of impact assessments. Excessive reliance on reconstruction of results at evaluation stage and on qualitative perception surveys with imperfect rigour are frequent. Almost all evaluations are unable to fully report the intended results set out in the Logframe.

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<sup>41</sup> The issue of whether investment climate reforms stimulate supply response (investments) has been considered in a 2009 study: Do Regulatory Reforms Stimulate Investment and Growth? The study concludes that a relationship is not evident on the aggregate, but appears to exist under certain circumstances: “[there is] some evidence of positive impacts of regulatory reforms in countries which are relatively poor (conditional on governance) and relatively well-governed (conditional on income). Relatively poor and relatively well-governed countries grow about 0.4 and 0.2 percentage points faster in the year immediately following one or more reforms, respectively. In both subsets of countries, investment rates accelerate by about 0.6 percentage points in the subsequent year.”

- (xi) Public sector bodies are rarely as effective as expected in the operation's design, and are often either not sustainable at the end of the initial funding period or require further capacity building – China is a notable exception. Public institutions are also perceived as unresponsive and bureaucratic (a few cases such as Algeria explicitly mention this).
- (xii) High management overheads (mentioned in about a third of cases, notably Pro€Invest) due in part to the limited funding of activities supported and the fixed cost of overseeing them. In general, evaluations that mention this issue recommend undertaking fewer but deeper (and better financed) subprojects.

91. Interviews with EU Staff shed further light on some of these issues, even though solutions proposed are quite limited:

- (a) There are problems in the preparation of the projects (poor quality at entry). The identification should be left to the delegations, with the help of qualified external experts.
- (b) The procedures are not conducive to a good implementation, but they cannot be changed.
- (c) The only way is to work (EU Delegation or TA) with the beneficiaries so that they become proficient with the procedures. This must be repeated often. The “n+3” rule has some disadvantages, but it must be maintained.
- (d) SMEs need a lot of hand-holding (from TA team).
- (e) Starting a project takes at least 6 months: you have to launch an international tender for the PMU, form a steering committee. The project cannot be operational before 6 months, often more. You can prepare all the documents before the signing of the Financing Agreement, but you cannot launch the tender.

92. The above findings are quite known to most EU staff and evaluators. Many have already been highlighted in the 2013 evaluation. There also exists specific guidance in EU manuals to avoid certain pitfalls such as spreading an operation over too many small activities that do not have the critical mass for significant impact. This report later-on suggests practical approaches within Devco's control to alleviate many of these problems.

93. Finally a case study of two projects in Morocco implemented roughly during the same period reveals missed opportunities in terms of learning and synergy:

- Both projects failed. Their quality at entry was unsatisfactory and readiness for implementation poor (C/D rating), sustainability is unlikely (C/D).
- Top-down design. The private sector and associations were not in charge of implementation and contributed minimally to costs. There was lack of private sector involvement in deciding on strategic orientation and this accentuated other deficiencies.
- Lack of coordination. Missed opportunity to merge non-financial support (Advisory Services) to private firms with that to business association making the first project less complex and taking advantage of synergy in the second.
- Trade-off between depth and breadth of activities were not well managed and overly biased towards doing more at the expense of quality and deeper impact.
- Objectives were too remote from activities and did not consider lags between capacity building and subsequent service delivery.
- Common shortfalls in design included apparent lack of consideration of previous lessons in Morocco and elsewhere, and insufficient project preparation.
- Support to institutions was neither selective nor based on clear criteria such as a sound business and human resources plan, together with funding requirement and sustainability analysis. This appears to have led to piecemeal, opportunistic activities.

- What is the role Government in PSD? What is the fine line between facilitation and intervention/ substitution? These issues do not seem to have been adequately considered in the larger project.
- Risk of adverse selection (selection of beneficiaries based on un-transparent criteria). It appears that this risk materialized.

### *B.3. Execution by other development partners*

94. Eight operations were either fully or partially implemented by other partners: #3 Bangladesh (World Bank/IFC); #99 Cote d'Ivoire and #37 India (UNIDO); #109 Ghana (DANIDA), #41 ACP Microfinance (CGAP, Consultation Group to Aid the Poor, a NGO of private, national and multilateral donors), #120 Neighbourhood Investment Facility (EBRD, EIB), and for one component, #47 Kazakhstan and #70 Central Asia (OECD). Two were unsuccessful. In the case of Bangladesh the evaluation is quite candid and highly critical of the way the project was managed. It alleges that results were either misreported or not attributable (the ROM did not identify any such issues). In any event, that project was unsuccessful and, based on feedback from interviews, concerns over its design and implementation resulted in the follow-up phase not being funded by the EU. The success of #41 (Microfinance) and of #120 NIF can be in a large part attributed to the efficient management by the partners, while the OECD studies, while well done, were largely independent from the other components of the projects and, according to the evaluation, had no contact with the other teams nor complementarity with the other activities.

95. The experience of the two operations involving UNIDO is mixed. In the case of India, the organization was responsible for undertaking a comprehensive impact assessment (with a budget around €2 million, the only operation included in the review with such a provision as part of its general M&E). This activity was subsequently dropped during implementation upon government request (the evaluation does not explain why). According to the evaluation of the Cote d'Ivoire project, overseen by UNIDO, the project made initial contributions, but much still remains to be done. A substantial part of the report is devoted to arguing the case for further funding of the programme and its continued management by UNIDO, which raises questions over the objectivity of the assessment.

96. Finally, the Ghana challenge fund was cofunded and managed by DANIDA. The evaluation report is quite candid and of good quality (based on strength of analysis and justification of findings). It concludes that the SOs have by and large been attained, but more work is needed to achieve OOs (which were set fairly realistically).

97. The following lessons are associated with the above experiences:

- Donors implementing EU operations should be held accountable for programme delivery and adequate reporting.
- Ownership is important and one way to ensure it is for the development partner to co-finance the operation.
- Evaluations overseen by the implementing donor, even when undertaken by independently recruited experts, need to be validated separately by the EU.

### *B.4. PSD through Budget Support*

98. There is only one sector budget support operation covered this report. It appears that stand-alone PSD budget support is currently not an approach commonly pursued by the EU, even though general budget support frequently undertaken in conjunction with other development partners (notably Poverty Reduction Support Credits, PRSC) tend to support important PSD reforms. It is therefore quite possible that some of the preparatory work (e.g., drafting of reforms or organization of fora aimed at consensus building) undertaken under the types of projects and programmes reviewed here provide valuable inputs into the implementation of the reform process. This type of indirect results are generally not documented in evaluations, or referred to as potential eventual outcome that would improve the impact and sustainability of such activities. However, while worth studying in due course, establishing such relationships is outside the scope of the present report.

99. While it is inappropriate to over-generalize based on a single observation point, it is worth pointing out that the design of Egypt operation includes features that would not be considered best practice at present and should be altered in any future PSD sector budget support by the EU: (a) while political economy consideration appear to be significant in the choice of reforms, this consideration is unclearly explained; (b) with the benefit of hindsight, it was premature to support a sector reform operation based solely on a study, without a clear action-plan supported and endorsed by the main stakeholders; and (c) a four-tranche operation based on pre-set triggers leads to weak actions and insufficient flexibility. The last two issues would have been largely addressed through a programmatic approach, which in this case would have consisted of four successive operations (as in the case of most PRSCs).

#### *B.5. Operating costs*

100. As a group, the evaluations do not provide a satisfactory response to what is an appropriate or acceptable level of operating costs. A handful mentions that they appear too high (typically when operating cost exceeds 20% of the financing amount). The small size of projects is another factor that is noted as increasing the share of operating costs in disbursements. Others implicitly suggest that operating costs appeared appropriate (for instance through statements such as “project management was efficient). In principle this issue should be discussed under efficiency -- whether EU resources were utilized efficiently or not. However, the analysis, when presented, is typically quite qualitative. It should also be remembered that operating costs of EU PSD operations may be below their required level because of limited allocations to important functions, in particular M&E as discussed elsewhere. The experience of other donors does not shed much light on the subject, even though the evaluation of the EBRD business advisory scheme concludes that operating costs amounting to 50% of disbursements seemed too high and the approach may not be sustainable.

101. The observation made in the present report is that it is not possible to conclude where the aggregate level of funding of operating costs is appropriate or not, even if M&E is systematically under-funded and the composition of these expenditures would warrant scrutiny. Furthermore, a “one size fits all” rule of thumb seems inappropriate. It would say, impose a ceiling on share of operating costs in overall project costs, and thus would ignore the heterogeneous nature of PSD operations. A case by case approach seems warranted whereby at entry the following question would need to be answered: are operating costs adequately funded and is the level of expenditure justified in terms of composition and efficiency?

### **C. Strategic Relevance**

The OECD-DAC evaluation framework does not require separate ratings for strategic and design relevance, even though the two are quite different from one-another, and the latter is probably more important in practice in terms of quality at entry – as discussed below. Not surprisingly, all the evaluations conclude that the operations are well aligned with both EU and country/sectoral priorities. This finding is consistent with the notion that while strategies evolve, they rarely change drastically and it is unlikely that EU would push forward with an approach inconsistent with its strategy or the recipient’s. Similarly, EU visibility goals are typically deemed as having been met by evaluations (for example #43 Jamaica, some components of #47 Kazakhstan, #50 Lebanon), notwithstanding certain shortcoming in the implementation of outreach and dissemination of information., In several cases, the components were not seen as belonging to the same project or programme (#10 Brazil, #47 Kazakhstan, #17 Chile) or the visibility benefitted the partner, not the EU (#28 El Salvador), or some visibility is given to the project, but without sufficiently linking the project with the EU (#33,Guatemala) The visibility could also be positive, but insufficient, event in successful projects #41 Micro credit (fragmentation of objectives, funding across a broad thematic and geographical scope, and the lack of a strong communications approach).

### **D. Quality at Entry**

#### *D.1. Relevance of Design*

102. As mentioned above from the standpoint of the evaluations, both aspects of relevance (strategic and design) is treated by evaluations under the same heading. Nevertheless, a handful of documents assess design separately. Such assessment consistently rate design below that of strategy – and in these and other cases the ratings are often below “B”. In such cases, the lack of clarity of the intervention’s

logic, including the relationship between Overall and Specific Objectives (OO and SO), their components and logframe indicators is identified quite clearly. This is confirmed in the review herein of the relationships between OO, SO and components, and is further discussed below.

#### *D.2. Readiness for Implementation of EU PSD Operations*

103. The review of evaluation reports of completed operations reveals shortcomings in design and other issues that suggested most, including those that followed-up earlier interventions, were not ready for implementation. Part of the problem was related to the time it took to hire the expertise needed to support project implementation. The main constraint was that in some cases, the tender documents were not ready to be launched and needed updating, while in other instances procedures prevented an early start to the procurement process.

104. The other even more critical aspect of the problem was the inadequate quality at entry of the project. This conclusion is initially based on the review as part of the analysis underpinning this report of all available Technical and Administrative Procedure (TAP) documents that are annexed to financing agreements (Annex 2). In many respects, these documents fell well short of what would be considered a full appraisal report for the operation concerned. The shortcomings typically noted include lack of references to lessons learnt from past experience and to analytical work underpinning the operation, risk assessment, as well as inadequate technical, financial and economic assessment of key beneficiary agencies, etc.

105. Another issue concerns the insufficient analysis of the local situation typified in the South Africa Local Economic Development (LED) Project (#81). The evaluation report focusses this issue: "The programme design has most likely followed the scheme of the other EU funded LED programmes. There is no analysis of the financial sector in the province, or of the private sector. It seems that the specificities of the situation in the EC province have not been taken into proper consideration. This is related, for instance, to the prevalence of a "government-led" approach in LED; to the relatively lower incidence of private sector in the province's economy; to whether there was realistic feasibility of having a system of commercial loans extended through local financial institutions. A stakeholders' analysis at programme formulation phase would have probably provided more realistic design. As a matter of fact, the lack of interest of designated authorities in participating in the financial component was apparent from the outset of the project<sup>42</sup> and resulted in the eventual cancelation of the fund."

106. Based on the review of available documents, the initial conclusion was that, in the judgement of this report's authors based on available evidence and their extensive experience in the preparation of PSD operations, the appraisal of EU operations did not meet the standards of project preparation and justification found in projects approved by multilateral organizations and certain bilateral development partners. However, in the course of the RG meeting of 28 July 2015 with this report's consultants, it was pointed out that some of the apparent shortcomings could be explained by the fact that the documents provided to the meta-evaluation team did not include some analysis found in the full set of reports that taken together constituted the operations' appraisal; namely the identification report and the project fiches.

107. The consulting team was thus asked to review additional documents for seven operations to assess the comprehensiveness and depth, and ultimately quality, of the appraisal process with respect to the following aspects: (i) analytical work; (ii) stakeholder input in design and implementation; (iii) lessons learnt from past experience in the country and elsewhere; (iv) design aspects related to statements of objectives, complexity, M&E design and proposed implementation, chain of logic; (v) adequacy of funding of activities; and (vi) depth of appraisal notably with respect to the basis of engagement with institutions and due consideration being given to their governance, core business and business plan, funding and

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<sup>42</sup> Clarification on the status of this fund was a subject of a separate presentation. This portion of the fund would be unimplementable under the current arrangements and would require a rider to the financing agreement for its reallocation to other areas of the programme. Consideration should be given to the absorption capacity of additional funds that would be released by the re-allocation of FIF1 (PSC, 4 July 2006).



sustainability. Documents were either not available or could not be supplied on time. The exercise proved unfeasible and was thus not undertaken.

### *D.3. Key Elements within the Chain of Logic*

108. The chain of logic is a key part of operations' design, together with their analytical underpinning, integration of lessons learnt from past experience and implementation arrangements, as well as other aspects of the approach, such as bottom-up versus top-down schemes, and the role of the private sector. The chain of logic relates objectives, to components and indicators, and in the case of EU operations is summarized in the Logframe<sup>43</sup> -- this was an approach adopted by many development partners in the late 1990s, some of which<sup>44</sup> subsequently abandoned it in favour of "more manageable" and attributable results indicators.

109. Overall and Specific Objectives constitute the top-down starting point in the chain of logic for any operation. Good practice would call for clearly defined SOs that are attributable to project activities and measured through specified indicators in the Logframe (the end of the chain of logic), while OOs should be broader than SOs, but nevertheless partially attributable and not overly remote. It should be noted that in exceptional cases for programmes, either the OO or the SO is undefined (examples of #03 Bangladesh and Egypt). Furthermore, objectives (notably in the case of trade and investment related operations) may include specific wording concerning EU relationship with the country and region concerns. This is important as in contrast to multilateral organization, EU assistance and its value-added has to be ultimately accounted for to the EU tax payer.

110. The review of both SOs and OOs indicate that in the majority of cases (80% and 89%) they are individually reasonably well defined, with relatively more OOs seemingly set at too high level to which the operations contribute marginally at best, through unspecified intermediate logical links. However, a closer review of the way these statements are worded reveals that they are usually qualified by a term such as "contribute, help or improve" that moderates the statement (at the expense of imprecision). The reader will easily find examples of well and a handful of poorly defined objectives, which are selectively presented below for illustrative purposes:

- (i) Sound OO and SO (Caribbean project #14), respectively: Contribute to the integration of CARIFORUM countries into the world economy and in turn to regional economic growth and poverty reduction; and strengthen CEDA.
- (ii) Over-ambitious OO and reasonable SO (Pro-Invest project #40), respectively: Reduce poverty in ACP countries and to improve the physical and social well-being of their citizens; and promote investment and technology flows from the EU to enterprises operating in key sectors in ACP States.
- (iii) Vague and/or unclear objectives, in some cases both OO and SO (ASEAN project # 67), respectively: Further the process of ASEAN integration while strengthening EU-ASEAN relations as a whole through the dialogue process; and to support the implementation of VAP and ASEAN through the TREATI (Trans Regional EU ASEAN Trade Initiative and READI (Regional EU ASEAN Dialogue Instrument) dialogue process.
- (iv) Too many poorly integrated SOs can also be an issue, for instance in the case of Morocco (Enterprise Support operation # 54, as noted in the evaluation).

111. The overstated OOs share in common explicit reference to cross-cutting themes, especially poverty reduction, economic growth and job creation, which at best will only be experienced at micro-level a while after support under the operation has been delivered.

112. The next element of the chain of logic concerns components (which are often the main focus of evaluations instead of achievement of objectives). A number of issues affect this area:

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<sup>43</sup> Further discussed under M&E.

<sup>44</sup> For instance IFAD and the World Bank.

- (a) There may be too many components that increase complexity resulting in diffused results and insufficient synergy. However, this goes beyond the simple counting of components. Two operations in China and India (#18 and #37) have similar objective and both originally had 6 components. However, the former consisted of mutually reinforcing activities that complemented one-another, but this was not the case of the latter. Similarly, a single activity, notably for programmes may be multi-sector and/or multi-country and thus quite complex (e.g., Bangladesh or Pro€Invest, #3 and #40). Or the various components can be independent, to the point that the implementing teams do not coordinate their action (#47 Kazakhstan).
- (b) There may be a disconnect with objectives. The Caribbean operation (#14) is a good example of an operation with sound logical links between components and the SO. On the other hand, the Haiti project (#34) suffers from a logical disconnect with components only partially linked to the SO.
- (c) Certain components may be under-funded (e.g., India customs, #18) so as to make it unlikely that a substantial development impact will result.

113. Indicators provide the last link in the chain of logic. This area is discussed elsewhere, but it is worth noting here that this represents the weakest element of design in almost all operations (as evidenced by evaluations). A major issue is that most indicators in the Logframe are quite abstract and not readily measurable.

#### *D.4. Role of Government in EU Private Sector Operations*

114. Based on considerations detailed previously in the strategic section of the report and other international experience, successful engagement with a PSD agency carries a number of pre-requisites:

- (i) Core functions: are they well determined and is there a well-defined business-plan to support their implementation is the medium- to long-term? Is there overlap with the mandate of other agencies? A subsidiary issue is whether the agencies deliver services directly or facilitates their access by the private sector (this is an important issue for business advisory services and SME support where, according to experience of other development partners and some EU operations, public delivery appears inefficient).
- (ii) Funding: Is there a verifiably strong commitment to fund the agency through public resources? Past performance may shed light on this – chronically under-funded institutions are likely to continue to experience the problem. Furthermore, is there evidence that public funding will continue in the future<sup>45</sup>?
- (iii) Is there an appropriate institutional framework? This includes staffing and recruitment policies (competitive or not), capacity and governance (effectiveness of the board and private sector representation).
- (iv) Is the agency sustainable? The initial question is whether or not there is a need for the agency and can its results be measured. If so, the core elements of its business plan needs to be fully funded through public and other resources, including from development partners. When sustainability is not assured at first, it would be important that the donor intervention (for instance funding capacity building or pilot activities) has a catalytic effect that result in substantial improvements.

115. Very few, if any, of the EU operations give consideration to the above issues as a trigger for their support and funding of various agencies (the Caribbean trade project is one notable exception. Instead, support is typically provided on an ad-hoc demand-driven basis, the results of which are hard to ascertain from evaluation reports (other than certain outputs having been delivered). Mixed results so far, and effectiveness and efficiency considerations calls for a different approach, which would entail greater selectivity (focus on fewer agencies that can be assessed favourable in the light of above four questions)

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<sup>45</sup> There are instances where donor financing of an agency continues even though the Government has made public commitments to eliminate it or merge it with another.

and the assessment of achievement based on qualitative and quantitative indicators, two of which should be whether: (i) the business plan (if initially assessed favourably) has been implemented properly; and (ii) financial and institutional sustainability has been substantially achieved (iii) the power of the agency in its national context, when it has to coordinate the work of several other ministerial departments. This last aspect is ambiguous: one agency had little power but succeeded because it was considered neutral enough (#60 Paraguay), while another coordinating partner failed precisely because it did not have enough power over the implementing departments (#28 El Salvador) It should be noted that such a methodology would require deeper assessments of the institutions, including their governance structures, before receiving donor funding (at appraisal or during implementation) and deeper evaluation of results at the end of the operation. It should also take into account not only the present situation, but its possible evolution: WIRSPA, the agency which coordinated the #121 Rum project in the Caribbean, was hardly staffed at the beginning of the project. But, it had sufficient clout within the industry, and support from this industry, to be able to host the PMU and be effective. Undertaking these tasks has cost implications that would need to be built-into each operation and/or covered by the EU's own budget. Assessments when planned should be implemented. While an isolated case, a project in India had budgeted significant resources for a sustainability impact assessment which was dropped after two years. Also according to evaluations, the call for proposal approach (e.g., ProInvest) did not adequately address the adverse selection issue.

116. Looking back at operations reviewed herein, it seems that even when particular institutions received focused support, the engagement often did not adequately address the above issues. Examples include ANDPME<sup>46</sup> in Algeria (low sustainability and uneven results, and distractions due to “saupoudrage” elsewhere), ANPME<sup>47</sup> in Morocco, and Haiti chambers of commerce. On the other hand, the support to CEDA, the Caribbean export agency, follows an approach closely related to the one outlined above, even if its outcome could not be reported here because the process is ongoing<sup>48</sup>. However, it is also important to keep in mind that it may not be possible to undertake assessment of agencies when the operation involves too many sub-projects (as in the case of the Indonesia and Thailand small project facilities). A practical approach would be to simplify the “rules of engagement” and to rely more on information and assessments provided by member states and other development partners.<sup>49</sup> This approach might be complemented through a system of matching financing (say 50:50, as recommended by the evaluation of support to Intermediary Organizations in Morocco) to help ensure that any activity funded is likely to be of priority for the institution concerned and avoid capture of resources by politically connected private or public vested interest.

#### *D.5. Institutional support and policy reform through top-down and partial approaches*

117. About half the projects reviewed were based on a logic whereby macro or meso activities (often working with public agencies) would stimulate and lead to supply responses at the micro level. In some cases, notably investment climate reform, supported by a minority of operations as a component, this approach is inevitable as ultimately regulatory reform needs to be initiated by Governments, ideally with inputs from stakeholders. However, in other cases, some activities aim to build capacity in an intermediary organization, undertake strategic study or fund a small project, which in all cases are part of or seen as a binding constraint to a broader chain of logic (i.e.; more comprehensive approach) that as a whole contribute to private sector development and growth. In other words, it is assumed that the particular intervention creates a trickle-down effect or unlocks a constraint within a more complete approach. This means that apparently ad-hoc activities may in fact be key priorities from a broader standpoint, however delivery of outputs does not guarantee outcomes unless other prerequisites are met.

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<sup>46</sup> “l’Agence Nationale de Développement des PME”, the SME agency.

<sup>47</sup> “l’Agence Nationale pour la Promotion des PME”, the SME agency.

<sup>48</sup> Only the inception phase has been evaluated.

<sup>49</sup> This point underlines the importance of making such assessments public. A recent example of poor knowledge sharing affected a donor project in Haiti, the design of which might have been quite different had the EU evaluation been consulted.

118. The evaluations reviewed help shed more light on operations that provide support to ad-hoc activities. They include operations that support small projects (e.g., Indonesia) as well as regional schemes such as Pro€Invest and BizClim. In Central Asia, the OECD surveys and recommendations made by the OECD (as components of EU projects #44 and #70) were deemed to have very little impact, as they were not supported by actors in the field. The Indonesia evaluation best captures the strengths and weaknesses of this approach: “they can support the reform process, but it cannot be proven that their intervention impacts directly. Their contribution is to keep discussion and relationships alive during the project period. Their limitation is that their influence soon dissipates if there is no follow through action. The economic problems being addressed are of such breadth and complexity (global, regional and national economies) that small projects are too scattered and diverse to make a difference if independent and without a broader context.” Another way to state this is that “small projects have to be based on a vision<sup>50</sup> the various elements of which are operationalized and implemented.”

119. Similar lessons emerge from regional programmes, which are applicable to operations that finance disjointed and diluted actions (characterized elsewhere as “*saupoudrage*”). In the case of BizClim, the evaluation notes that “significant initiatives have started as a result of the interventions” which suggests that activities financed (studies, public-private dialogue, workshops etc.) were in practice embedded into a broader context<sup>51</sup>. In the case of Pro€Invest (a programme over 10 times larger than BizClim and much more complex in terms of focus), the evaluation cites as a major issue lack of follow-up (i.e., broader context) of many types of activities funded.

120. In general, the evaluations emphasize the need to link the isolated activities to other EU (or other donors’) instruments and operations. The recommendations that underscore this point include the following: (i) adopt clearer definition of “point of destination” which sets out improvements sought (BizClim); (ii) set small projects a mechanism within a larger EC programme; and (iii) undertake comprehensive actors and action mapping so that future actions complement existing efforts. Furthermore, the level of success due to strong ownership appears to be somewhat proportional to cost-sharing by stakeholders. This is a finding in the case of BizClim and a recommendation in the case of Indonesia (substantially increase co-funding required). The Pro€Invest recommendation is similar, but more modest: “in the case of investments partners should provide some financing.”

121. Capacity building in Intermediary Organizations<sup>52</sup> (IO) provides another example of the trickledown approach that has according to evaluations demonstrated limitations. In the case of Pro€Invest, the evaluation notes limited quality services being provided to members, in part due to insufficient needs assessment (i.e.; broader context missing). It therefore recommends a sector based (e.g., cluster) approach. This type of issues also appears in other operations that supported IOs, such as the Morocco operation which points to very limited results and sustainability, especially when funding was quite limited. The evaluation goes further and recommends abandoning forever the approach towards IOs (institutional strengthening, communication and promotion) pursued under that project<sup>53</sup>.

122. A possible reason for the poor positioning of activities within a broader framework is that the issue of linkages is not considered in the chain of logic and specification of OOs and SOs, in part because some of the objectives are stated too vaguely (Indonesia) or set at an unrealistic level (Pro€Invest and Morocco). In BizClim’s case, even though the overall framework and linkages are not explicit, this is somewhat implicit in the objectives that have been set more modestly and realistically (to contribute to ...).

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<sup>50</sup> This statement was made in the evaluation of the Thailand Small Project Facility, which even though not part of operations reviewed herein provide key insights none-the-less.

<sup>51</sup> However, the statement is not well supported and is in part based on qualitative feedback.

<sup>52</sup> The case of public agencies is analysed elsewhere in the report.

<sup>53</sup> Specific text is candid and forceful: « *Bannir à jamais le saupoudrage financier et les actions directes en faveur des associations aux niveaux suivants: Renforcement Institutionnel ; Information & Communication ; Promotion.* »

**Table 5: Objectives for select operations supporting organizations and small projects**

Operation	Specific Objective	Components/Activities
Indonesia	Support the on-going reform process of Indonesia's economy and systems of governance through an enhanced involvement of civil society partners, specifically the private sector.	(1) Develop and facilitate implementation of projects; (2) Increase and improve the mutual understanding and visibility of both partners.
BizClim	To contribute to enhancing economic growth in ACP-countries by means of fostering an enabling environment for private sector development in ACP countries and regions, with the ultimate objective of property reduction.	Reforms relating to the enabling environment of the private sector in ACP countries and/or regions promoted (in terms of policy, legislation and financial measures).
Pro€Invest	To reduce poverty in ACP countries and to improve the physical and social well-being of their citizens through economic growth, job creation and increased regional and global integration of the ACP economies.”	Promote investment and technology flows from the EU to enterprises operating in key sectors in ACP States through two facilities.
Morocco	<i>Accroître la compétitivité des entreprises et renforcer leur capacité de mise à niveau à travers un appui aux Associations Professionnelles</i>	<i>Le renforcement des capacités opérationnelles des Associations Professionnelles</i>

#### D.6. Internal M&E

123. The inadequacies in internal M&E (as opposed to ROMs which are undertaken periodically and as part of a process outside normal project implementation) are seen in Logframes. Furthermore, only a handful of operations envisaged impact assessments, which were not necessarily undertaken. All evaluations point to shortcomings in the M&E framework of operations and in subsequent implementation and use. While some shortcomings are pointed out in general terms in evaluation, a detailed assessment of M&E is often lacking.

124. To highlight the issues encountered, a detailed review of two actual logframes matrices for operations in Morocco and Vietnam is presented below – details are displayed in Annex 5. It should be noted that these operations were selected because they have similar objectives and approaches. Nevertheless, the identified shortcomings are quite generalizable to others.

125. The two Logframe matrices warrant a number of important comments:

- **Readiness.** At project approval, the M&E framework already should be ready and relatively robust, save for a few exceptions. The following makes it clear that they were not: “Objectively verifiable indicators will be refined, if needed, during the inception phase, which will define the base line.” The fact that the indicators may need refining and lack baselines reflect under-design and lack of robustness. This may also explain why it may not be able to measure most at the end of the operations, as the necessary retrofitting rarely takes place.
- **Sources of Verification:**
  - (a) Overall Objective – In the case of Vietnam, two of the sources cited<sup>54</sup> do not and did not provide the required information. In the case of Morocco, the SME surveys (presumably some type of impact assessment) would need to be funded, and they were not (at least explicitly) under the project. Furthermore, it is unclear what “national statistics” are referred to and how frequently they are published. In other words, the references appear to have been

<sup>54</sup> Vietnam PRSC and IMF (presumably the bi-annual “Recent Economic Development reports”).

cited on a pro-forma basis without any significant attention being devoted to whether they contain the data and information needed to measure progress under the operations or ensuring that required surveys would be undertaken in a timely manner (or at all).

- (b) Specific Objectives – The Vietnam project, envisaged that data would be available from national and subnational public statistics (specific references again not cited) as well as associations, programme TA and independent evaluations (not well defined). The Morocco project assumed that the data would be available from associations, and collected and compiled. In both case data collection and analysis was not explicitly funded. Experience with EU operations and other development partners' shows data collection needs to be made a recurrent priority with clear lines of responsibility, as well proactive actions throughout project implementation.

- **Attribution and indicators:**

- (a) Overall Objective – The Vietnam and Morocco operations funding were respectively €11 million and €6 million. In these cases, OOs were set at a too high level (macro and meso) for which the project would not have a visible impact and attribution would be hard to establish, especially in the absence of a counterfactual (e.g., performance of SMEs not being supported).
- (b) Specific Objectives – The SOs assumed that support intermediary organizations would trickle down to SMEs and foster their development. This ignored lags and the fact that transmission mechanisms may be weak. Furthermore, many of the indicators in the case of Vietnam were quite vague and hard to measure (e.g., better public private sector dialogue). Furthermore, when objectives were quantified, some targets seem meaningless. For example the 5%-10% SME growth is targeted during an unspecified period, presumably 3-4 years. It is unclear whether this growth is in nominal or real terms (e.g., in terms of turnover). Given that during the project period underlying inflation in the country exceeded 5% per-annum and the economy was growing annually at rates above 5%, the target would imply that SMEs that were supported would probably perform not as well as their peers that do not receive assistance.

126. The analysis above points to fundamental flaws in the construction of projects' M&E and logical frameworks that undermine their quality at entry and hinder implementation due to lack of clarity on goals – this issue is quite widespread and highlighted in many evaluations. These conceptual problems, together with over-ambitious or unclear objectives, should have been identified and addressed at design stage through a more rigorous review of quality at entry. The problem is further compounded by lack insufficient resources to implemented M&E, including data collection and compilation, surveys and conducting impact assessments. Furthermore, adjustments made, if any, during project implementation have been inadequate, as a result of which some problems come to light at the time the final evaluation is undertaken, which in turn undermines its quality and credibility due to weak evidence.

127. To remedy this issue, some evaluators had to resort to qualitative surveys and ex-post evaluations of selected activities, which have limitations ranging from uncertain baseline to selection bias. Based on a review of the operations' budget table in the financing agreement (Annex 2) and the write-up of M&E therein, internal M&E is chronically under-funded at the design stage. The following cases illustrates the main shortcomings, which are quite generalizable:

- (a) M&E responsibility is rarely identified and left quite vague. For instance, in the case of Bangladesh, this function (which entailed ambitious intentions) was left to the implementing structure and donor as a largely unfunded mandate. According to the evaluation, it was not fulfilled. In the case of Pro€Invest, 13 specific positions are specified within the implementation unit. None concern M&E.
- (b) Funding for internal M&E is inadequate. Most operations do not provide any specific budget line for M&E (e.g.; Bangladesh, Paraguay and Jordan). When they do, this allocation is quite insufficient (e.g.; Caribbean trade, €35,000, BizClim 1.6% of total resources), or subsumed with other functions, such as audits.

- (c) In most cases, the funding for external evaluations seems adequate, typically in the range of €200,000 to €400,000. However, for a handful of others the allocation seems woefully too low (e.g.; €40,000 for Bolivia; €80,000 for Haiti).

128. Lack of provision of funding and clear responsibility for M&E results in data not being collected. When M&E is funded, the reporting system seems more geared towards meeting EU requirements than providing the management team with a tool to steer the operation. In (#60, FOCOSEP Paraguay, #97 Jordan), the FA does mention that the PMU should have an internal M&E system, but no funding is earmarked. Even in those cases, the M&E system is foreseen in order to produce the reports requested by the EU, not for the benefit of and use by the management team. Furthermore, the required complementary surveys and impact assessments are either not programmed or, when they are, there is adequate funding is not envisaged within the operation. Given that M&E can be quite costly, aside from selecting the correct indicators, a challenge taken-up at the end of this report is to find cost-effective “good enough” methods to undertake this function.

#### *D.7. Synthesis*

129. EU operations are handicapped by shortcomings in quality at entry that needlessly affect implementation. The problem is exacerbated by the fact that while some of these issues may be addressed during implementation, this may not happen in time or at all. This means that most operations start with a handicap that is hard to overcome, unless the implementation is extended and managed proactively and flexibly. Addressing the quality at entry problems would thus go some way towards improving development outcomes.

#### **E. Efficiency**

130. PSD operations do not readily lend themselves to traditional measures of efficiency, such as rate of return calculations. According to the retrofitted ratings, 60% of EU PSD operations are considered relatively efficient by the evaluators. However, often times this rating does not stand close scrutiny as it ignores implementation delays and cancelled financing that reflect inefficient use of resources which have an opportunity cost due to possible alternative use elsewhere. Furthermore, a number of evaluation point out that in order to meet deadlines as the project comes to a close implementation of certain activities are accelerated in a manner that would not ensure efficiency. The above mentioned delays have an impact not only on the project itself, but on the SMEs the project is supposed to assist, and on the reputation of the EU operations: larger SMEs would rather have funded the TA themselves, rather than have the intervention paid but delayed.

#### **F. Effectiveness**

131. The effectiveness of operations is typically judged by evaluators based on the delivery of output. However, in only a few cases are outcomes also measured, and in even fewer cases are these related to SOs. This, again, is linked to the delays in implementation, compounded by the n+3 rule: the implementing team (with the help of the EU Delegation) does its best to commit the funds before the n+3 deadline, thus ensuring that outputs are met, but has no time left to ensure that outcomes are reached.

#### **G. Impact**

132. Only about half the operations were considered to have a satisfactory (B or better rating) impact. The unused proportion of financing and delays, and non-completion of activities are key factors, as is the appropriateness of objectives. This may in part be attributable to objectives being too ambitious. Nevertheless, based on evidence provided in the individual evaluations the impact of most operations is probably less than that reproduced in the retrofitted ratings. Many activities that are supported at the macro (e.g., investment climate) or meso (e.g., capacity building in IOs or public agencies) levels may not show an immediate impact. This may at times lead to misleading initial conclusions. As pointed out in the evaluation of the India project, the immediate impact of stronger IPR legislation was a loss of jobs in the fake luxury good industry, which over of time would be more than compensated by gains in the IT sector.

## **H. Sustainability and Exit Strategy**

133. The sustainability of operations is a relative weak point across the board. With respect to the sustainability of activities undertaken, various evaluations irrespective of realizations express doubts about whether capacity building is retained or laws and regulations that have been prepared are adopted and implemented. Sparsity of information concerning sustainability is in part explained by the fact that the future is unknown. However, in other instances, the problem stems from lack of data collection. For instance, in cases where capacity has been built the retention of staff trained would be a key indicator.

134. Another aspect of sustainability relates to whether an exit strategy was envisaged at time of approval or during implementation of the operation, and whether this strategy was successful. Evidence shows that with a few exceptions (e.g.; China) the effectiveness of exit strategies is quite weak. An issue encountered is that the institutional attachment of follow-up operations (e.g.; Algeria) changes from one operation to the next, which suggests that the exit strategy envisaged in the first operation is not respected. Other issues noted included the following:

- (a) Preservation of documents generated by the operation is rarely discussed and there is no evidence that knowledge generated is preserved (second Algeria (#1) operation appears as a rare exception). This together with the fact that most documents are not made public contributes to the wasteful duplication of existing studies by EU and other development partners (when in practice at most an update is needed).
- (b) Lessons learnt do not adequately feed into any follow-up operation (e.g., Morocco support of IOs).
- (c) Mainstreaming into government programmes rare (except for China IPR). In #20 Promesafi Costa Rica, the evaluator clearly expresses doubts about the future funding by the Government of the implemented projects.
- (d) Limited follow-up of ultimate actions that are necessary condition to a subsequent activity that will lead to a desired outcome (link in the chain argument).

## **I. Cross-Cutting Issues and higher level Objectives**

135. There is very limited evidence in the evaluations concerning contribution to cross-cutting themes and when presented these are either qualitative or unclear. About 10 operations report on job creation. Only the South Africa project is specifically focused on job creation and poverty alleviation, and includes ambitious (yet not full attributable) goals to this effect. Similarly, some projects mention that they will/did target women entrepreneurs, but few actual results are presented (for example the Cote d'Ivoire evaluation notes that 4 out of 7 consortia established were headed by women). There is also very limited mention of the environment.

136. The evidence with respect to the attainment of cross-cutting objectives from evaluations of PSD operations is thus quite weak. This is in part due to the M&E system, discussed above, which rarely seek to collect and quantify such results, and the cost of doing so properly through impact assessments is significant and not funded. However, there are also other constraints that are often highlighted in evaluations:

- The size (overall funding) and scope of some operations is too limited to have a significant measurable impact in terms of employment, poverty alleviation, gender or environment. Nevertheless, in some cases such as direct support to firms or entrepreneurs, or indirectly through SME finance, some cross-cutting results such as employment generated should be measurable. However, this is rarely done because this was not envisaged under the M&E (which tend to focus on financial outputs) and lack of counterfactual (in the absence of EU support, an existing entity may grow simply because of improving demand and better use of existing capacity).
- Impact also frequently depends on complementary actions being undertaken elsewhere, which raises attribution and measurability issues. For instance, a much improved investment climate may stimulate private investment. However, the impact of such investment on the environment or



empowerment of women depends on other factors such as environmental regulation, and the legal (e.g., ownership of property), political and socio-economic rights of women.

- PSD is a theme and not a sector with well-defined boundaries, which makes its contributions to cross-cutting objectives harder to measure than say in the case of health, education or social safety nets (for instance from the standpoint of impact on poverty).

137. Despite the above-mentioned constraints, the issue of measuring contribution of EU PSD operations to cross-cutting is one that should be dealt with in a practical and cost-effective way. There are a few possible approaches to this end that are not mutually exclusive:

- (a) Given that PSD country-level operations are often embedded in a broader context and involve linkages to other activities, infer possible contributions through strategic evaluations of EU collaboration. However, such analysis is not systematically undertaken<sup>55</sup>.
- (b) Identify up-front (at appraisal stage) operations that lend themselves to analysis of cross-cutting contributions – indeed in some cases, this may be part of the core results of the operation -- and set-up the appropriate M&E at that time.
- (c) Undertake joint assessment with Member States and other development partners active in the country and region.
- (d) Make a strategic choice that while improved measurement of results should be given priority, within the range of results measuring properly the immediate and direct impact of operations should be given priority. In view of this, the focus on cross-cutting issues may be de-emphasized, at least for a while.

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<sup>55</sup> The 2015 [Strategic evaluation of EU Cooperation with Georgia](#) is silent on cross-cutting issues.

## VII. ANSWERS TO EVALUATION QUESTIONS

EQ1	What are the determinant factors of success and failure?
	What constitutes good or bad practices, what is the appropriate mix of instruments, and under which conditions? Looking at the various OECD-DAC criteria, are there some aspects where EU operations seem to perform better and others where they do not?

138. The review of the successful and unsuccessful projects show that the determining factor is not correlated to the instruments used, not to the problems that can be derived from procedures or time constraints, but to the commitment of the stakeholders: counterparts, beneficiary, other stakeholders (private sector, organisations benefitting from the project) and the local EU Delegation. Such improbable projects as support to the Rum industry (in other words, alcohol) through the use of technical assistance but also grants (in other words, the most stringent and difficult procedures) could eventually prove a success when there was a strong will on all sides. In turn, the key to obtaining this commitment lies in the significance of the project to the stakeholders.

139. Projects considered as successful by evaluators (at least 2 As and no Cs or Ds by original evaluators and meta-evaluators).

#	Country	Project	Counterpart type	Counterpart name
18	China	EU-China Project on the protection of Intellectual Property Rights (IPR2)	Government	
41	Intra-ACP	EU/ACP Microfinance Framework Programme	Private org	CGAP
50	Lebanon	Private Sector Development programme (PSD14)	Gvt Agency	PAO under Presidency of council of ministers
64	Latin America	ALINVEST	Gvt agencies and Industry org	
81	South Africa	Local Economic Development Support Programme in the Eastern Cape Province	Gvt agency	Regional gvt
97	Jordan	JORDAN SERVICE MODERNISATION PROGRAMME JSMP I	Gvt agency	JEDCO
120	Neighbourhood Policy	Neighbourhood Investment Facility	Financial Institutions,	EBRD, EIB
121	Caribbean	Integrated Development Programme for the Caribbean Rum Sector IDPCRS	Industry org.	WIRSPA

**Note:** #60 and #87 are also highly rated by the evaluators, but we do not share the rating given by the evaluators, considering the text of their report and analysis therein.

140. This commitment and capacity have to be identified and obtained before the start of the project, during the identification phase. It implies identifying an objective which is considered important by the counterpart and the beneficiaries, identifying institutions that have the capacity to implement the project (human and financial resources, but also in many cases authority over other institutions or companies – this authority does not have to be legally binding, but it must definitely be morally accepted- , the size of the project must be significant enough for those stakeholders (which eliminates the projects with numerous components, if they are too small to make a difference). It implies also recognising in advance

the difficulties that are likely to be encountered: learning the procedures, delays at the start of the implementation due to legal constraints or to organisational constraints, to the time necessary to staff the implementing body (PMU, task force at the agency), to the time necessary to launch the tenders and/or adopt the Work Programmes etc. and incorporate them into the design of the project. All evaluators agree that this design phase is crucial for the success of the project. This is why, in the following chapters of this study, we stress the need to concentrate on the “Quality at entry” of the projects. This means (see below “Quality at entry”) among other things assessing the counterpart, involving more heavily the private sector (the ultimate beneficiary of the PSD projects) to ensure that it is committed to the success of the project, increasing the involvement the delegations in the identification phase (and keeping a constant contact with private sector organisations in advance of the identification phase).

141. On the OECD-DAC criteria of the reviewed evaluations, we do find the result of this design issue. Unfortunately, there is only one appreciation for “Relevance and Design”, while the situation is usually very contrasted: (The Background Consulting Sheets of the ROMs do differentiate between Relevance and design, but the grades are later aggregated in the Monitoring Report). Relevance is high, but design much less satisfactory (wrong counterpart, “saupoudrage” etc.). The worst grades are for impact (often because the evaluator admits his/her inability to measure it) and sustainability – because the commitment is not high enough to translate into human and financial resources for the continuation of the project (See early graph and Annex 3).

Is the M&E system appropriate and well-designed?	
<b>EQ2</b>	Are results available? Are the indicators appropriate, attributable, with a baseline and measurable (do they meet the SMART criteria)? Is the contribution to higher objectives measurable? How do impact assessments and comparisons with reference groups enhance M&E? Are qualitative approaches included in M&E?

142. The M&E system includes several components: ROM, by external independent monitors (outside the scope of this study), internal M&E (when it exists) complemented by impact assessments, MTR and Final Evaluation. The remarks on the final evaluation are detailed below (EQ4). The M&E system relies on the OVIs that have been set for the project/programme.

143. **OVIs:** The review of the 45 evaluations show that only a handful of projects have SMART OVIs, according to the evaluators (#20, #81). Evaluators complain that they cannot evaluate the impact either because they do not have a baseline, or because the impact will only be measurable sometime after the completion of the project; (#7).

144. **Internal monitoring:** the evaluations report that the internal monitoring is either absent, or focused on the achievement of outputs, not outcomes. They relate this to the pressure to complete the contracting before the n+3 limit, but also to the focus of the project implementation on achieving those outputs more than outcomes.

145. The contribution to higher objectives is in most cases not measurable, due to (i) the limited size of the project impact, even if it were fully successful, on such variables as GDP, poverty alleviation, (ii) the time lag between the project and its impact on such higher objective (iii) the existence of other factors.

146. The M&E system could be improved at several levels (see “Recommendations”), through a stronger chain of logic, SMARTer OVIs, and a focus on outcomes rather than outputs. Furthermore, there is a need to undertake impact assessments where warranted and these are usually not funded – there was an adequate envelope provided in the India project but this was cancelled.

147. M&E as reflected in Logframes is intended to be quantitative. However, many evaluations faced with a scarcity of information undertake both quantitative and qualitative assessments, the latter are mainly in the form of perception surveys which based on the evidence reviewed are of limited value to attribute results and assess impact. Furthermore, unless worded carefully and tested on a large enough sample, such an approach may result in ambiguous or overly general responses.

<b>EQ3</b>	<b>How are cross-cutting issues best taken into account in project/program design, and project/program contributions reported in the evaluations?</b>
	How is employment taken into account in the design of the project, its implementation and in its monitoring and evaluation? How are gender, environment, governance, taken into account

148. Some projects include employment (retaining or creating jobs) as one of their main objectives: # 33 (no figure given), #64; #81 (objective: 7500 jobs) #\*97; #121 (retaining employment in the rum industry, as the market was evolving). In #24 (Egypt, spinning and weaving), the need to restructure the industry and find employment for redundant workers was at the heart of the project. We have here two approaches to the employment problem when an industry is facing a new market environment and has to restructure: in #24 Egypt, the workers were given training courses in topics that could provide them with employment in other industries. In #121 Caribbean Rum, the project aimed at changing the industry (from a low value product to a high added value product) in order to retain employment.

149. The results were positive (# 81; #97, #50: creation of jobs), or even very positive “64 AL Invest: creation of more than 20,000 direct jobs and 60,000 indirect ones #121 Rum: retaining employment in the Rum sector. In #33, no figure could be given on the number of workers finding employment thanks to the training. In some cases (# 17), the project should eventually contribute to job creation, but no detail (on the logic between the project and the job creation) is given. In other cases (#37 India) the evaluation argues that the project will result in initial job losses, which would be compensated by future gains elsewhere. However, while it identifies sectors affected, there is no estimate of how many jobs will be created or lost.

150. #50 (Lebanon) The evaluator estimates the job creation at some 3000. But he also says that the project could have had more impact on job creation if it had been more sector or region focused. It also points out the high cost of job creation in some components of this project (162, at €15 000 for each, 66 at €13,000 for each). In project #16 (Quality infrastructure), the project is not aimed at job creation, but the evaluator points out that, due to the lack of financing in the supported institutions, no job are likely to be created. There is also no mention of job creation in some evaluations (#33, 105), though it is one of the objectives of the project.

151. Cross-cutting themes (gender, environment) are mentioned in the appraisal documents of the projects. They are more rarely mentioned in the evaluation reports. The OVIs are not indicating gender. Some projects had specific components or sub-components addressing gender, though they could not measure the impact based on counterfactual: #3 Bangladesh and #28 El Salvador are supposed to have a strategy and a positive discrimination for gender, but the proportion of women (44%) is only slightly above the regional average (41%).

152. Others had no specific strategy or component, but still found that the project did its share to advance the issue:

- Evaluation #19 states that, though no particular strategy has been applied, the percentage of women managers in the attended enterprises (46%) is much higher than the national average (16%).
- In #50 Lebanon: There were not any specific measure in favour of women, but still 40% of the beneficiaries are women. Also in #70, there was no specific measure, but some of the sub-components did target women. The same applies to #97 Jordan, where the impact on gender is mentioned, positively, but with the proviso that there is still much to be done.
- Some evaluations do state that gender was not considered in the project, and that this did not prove an issue (#47, Tajikistan).

EQ4	<p align="center"><b>What are the strength and weaknesses of the evaluations, and what determines the quality of evaluation reports?</b></p>
	<p>Are the evaluations comparable (i.e., use a consistent assessment framework) and present results and ratings that are well justified, and based on OECD-DAC criteria? Do they consider information in the ROM System and take into account the mid-term review? Are there examples of both best practice and others where the analysis seems weak?</p> <p>Note: This is in large part is linked to whether the reports furnish the information needed to complete the fiches, as well as other factors such as the basis for the ratings and the strength of recommendations.</p>

153. The reviewed evaluations, though variable in terms of quality, are usually consistent in their approach. However, the meta-evaluation team found several shortcomings in the design of those evaluations, most of which can be easily solved through a modification of the standard ToRs of those evaluations.

154. In conformity with their ToRs, the evaluators give their “appreciation” of the several OECD-DAC criteria. This appreciation is not standardised. It can be high/satisfactory/unsatisfactory/low/ or a longer text. The evaluators do not grade against the same ABCD scale as the monitors. This makes it difficult to compare them with the ROMs. Moreover, the ROM grades are the strict result of a set of sub-questions in the Background Conclusion Sheet (BCS), while the appreciation of the evaluator may be based on different criteria.

155. We also found that the appreciation given by the evaluators was very often more lenient than what the text of their report would suggest. We made two exercises: retrofitting the evaluations with ABCD grades, taking into account the appreciation of the evaluators (high, low, acceptable etc) and translating it into an ABCD grade. And then revisiting the evaluation, grading it according to the description of the project, its good and bad points, made by the evaluator. Our result on that sample (see Annex 3) is that the appreciation given by the evaluator is more lenient than what their own description of the project would imply. Their grades are significantly higher than the grades we gave in this sample.

156. We also found that some basic information, absolutely necessary to understand the project and its evaluation, are either missing or buried in the text:

- Missing:
  - In nearly all cases, the actual disbursement. In the cases where the disbursement is mentioned, the data is approximate or has to be recalculated (ex: x% of TA and y% of the grants).
  - In several cases, the description of the activities (the evaluator tells that “Activity 1” has been successful, without saying what this activity was about).
  - In most cases, the breakdown of the budget.
- Buried in the text:
  - Basic data such as the committed amount of the project, its dates, its objectives. (Evaluation #81 does not contain any financial data).
- Not always present: the description of the activities. Evaluation #64 (AL Invest) is very good, very detailed, precise, well documented, specifies in detail how many SMEs have been attended and with which result...but never indicates how they were attended (TA? Grants? Shared costs actions?). The reading of the text leads the reader to guess that TA was the main instrument, but it remains guesswork. Other evaluations share the same problem.

157. The evaluations also analyse the projects component by component. This approach has its merits, as the components are often different, and may have very different levels of success. However, it also clouds the image of the project as a whole. The project has an Overall Objective and a Specific Objective,

which should be common to all the components, and the appreciation of the achievement of those objectives is missing when the analysis is broken down by components.

158. Some evaluations are so detailed that “the trees hide the forest”. For example, evaluation #64, which is definitely good, detailed, informative, does rate projects (though on a 1 to 5 scale, not ABCD), but does not describe the activities (see above) nor the “project consortia”. The evaluation of the #121 Rum project gives a lot of information, but is less clear than shorter surveys made by third parties (Aid for Trade).

159. The Executive Summary is also at times much too long. Interviewed readers asked for a one or two page summary. This may be too limited, but anything over 3 pages (plus standard synthetic data on project) is obviously too long.

160. Such shortcomings can easily be resolved by introducing the relevant instructions in the ToRs of the evaluations, combined with greater oversight of evaluations by the EU. We also propose that the evaluations, and the response sheets when they exist, be published.

<b>To which degree are the projects/programmes adapted to the local conditions?</b>	
<b>EQ5</b>	Do evaluations identify synergies/additionality when projects/programmes tackle multiple issues? How well did design take into account country context? Is there a clear definition of SMEs? How do partnerships with the private sector as partner enhance or undermine the activity?

161. The first sub-question highlights one of the design problems referred to in EQ1: when projects tackle multiple issues, it is very rare that those issues be related. We mostly have a “saupoudrage” effect, detrimental to the success of the project. Evaluations do point out this aspect, when it exists. For example, #70 (Central Asia) says that there is little relationship between the components.

162. They also do point out, when it applies, that there is no clear definition of SMEs, or that the definition used is not the one that was intended (i.e. the project assisted larger SMEs, which did not need its help, at the expense of the smallest SMEs for which it was intended). We must bear in mind that enterprises which are considered SMEs with the EU definition are considered large enterprises in most emerging or developing countries.

163. The design is normally adapted to country priorities: we did not find a project which was clearly not in line with the government’s planning, or with the EU’s National Indicative Plan. However, the design could be better adapted in terms of choice of the counterpart, analysis of the risks and in particular the delays (for example, when the project has to be approved by Parliament, when the local procedures are added to the EU procedures). Those are known issues, which should have been taken into consideration in the design of the project, incorporating the necessary time and staffing to alleviate the problems.

164. The partnership with the private sector has been found insufficient. This partnership is vital (the private sector is, ultimately, the beneficiary of the PSD projects). When it is present, it ensures that the project will be sustained – the private sector will, some way or another, find the resource to continue its benefits. When it is not sufficient, the project design is flawed and leads to outputs that are not continued. We insist on the fact that this representation should be direct (an evaluator mentioned that “the private sector was represented, by the government agency in charge of the private sector”).

165. One major (and well known) issue associated with local conditions is the use of procedures. The EU/EDF procedures are designed to improve transparency, and limit the risks of corruption. In the reviewed projects and programmes, they have been applied outside the EU, with administrations which had to respect their own national procedures. This led to several additional constraints, which are responsible for most of the huge rate of delays over 1 year (about 80% of the reviewed projects/programmes) and also of several refusals to participate to the project (#64). Also: #43: “It is

agreed that the new Practical Guide is also part of the problem, nevertheless an over-enthusiastic application of its provisions<sup>56</sup> is causing disillusionment and unnecessary constraints to potential beneficiaries; and, to quote the evaluator: *“the constraining provisions of the EC Practical Guide (a distinct oxymoron where the implementation of private sector development programmes is concerned).”* In a third party review of the otherwise successful #121 Rum project, it was said that The cumulative effect of these administrative delays under the rum programme was to double the length of time initially estimated as required for the processing of reimbursement claims. Some of these delays were quite serious, with it being found that ‘larger more complicated projects regularly over-run the target dates set out in the original applications. Indeed, in the case of 15 large projects it was found that ‘the average duration from signature of the Letter of Agreement (LOA) to final reimbursement has been 29.4 months. These kinds of delays can be quite serious, particularly where projects have been co-financed on the basis of short term loans. Under such circumstances, delays can lead to increased financing costs for the investments being made. This can undermine the returns from these investments, and thereby undermine the ultimate goal of enhancing competitiveness.

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<sup>56</sup> As an example, an application received only one minute after the deadline for the first Call for Proposals was rejected on the grounds that it was too late. This was an unnecessary stipulation in a non-competitive tender process, and greater flexibility should have been shown in this instance.

## VIII. CONCLUSIONS AND RECOMMENDATIONS

### A. Key Conclusions

166. EU PSD operations start with a handicap of not being ready for implementation at approval. A combination of varying degree of ownership by key groups of stakeholders, relatively short implementation periods (about half that of multilateral agencies in the same field), insufficient flexibility and of proactive steering based in part on good M&E feedback during implementation, as well as the difficulties experienced by any development project, further undermine the ability to reach development goals and maximize impact. Finally, the evaluation reports generally fail to provide an unambiguous assessment of project performance and over half lack in candour, which further confuses the assessment and ensuing messages. As a result, DEVCO may not have fully appreciated the depth of the problem.

167. Despite the long list of issues outlined in this report, the ultimately reassuring message of the report is that almost all are internal to the operations and can be addressed solely by the EU – mainly DEVCO. The remainder of the chapter provides a roadmap for doing so.

### B. Recommendations from evaluations

168. The main recommendations consistently found in the evaluations reviewed include:

- Substantially improve the design phase.
- Work with a counterpart which has the capacity to implement the project.
- Improve the use of the procedures.
- Avoid “saupoudrage.”
- Use OVIs which are measurable, with a baseline. Improve M&E and include impact assessments wherever possible.
- Do not implement “one-time” actions in enterprises or with respect to reforms: use only long term engagement strategies or make sure that the initiative is sustained through other means.
- Work through private sector organisations that are more stable and efficient.
- Use more flexible procedures.
- Improve focus on key objectives.
- Prioritize projects according to impact opportunities.

### C. Recommendations from the analysis herein

169. The following recommendations are intended at improving the identification and delivery of good projects based on the experience and lessons of past projects (in the same region or other regions), as well as facilitating their implementation and strengthening their outcome. They should enable projects to provide better values for the beneficiaries, and an improved impact to EU aid in the PSD field. In formulating recommendations, the team focussed on recommendations easily implementable. For example, while many beneficiaries are mentioning the issues of difficult procedures, we believe that the most urgent and feasible change is to improve their implementation and make them more efficient, not to design new procedures at this stage. The recommendations are focussing on three main aspects, identified above as weak or missing,

- Strategy and quality at entry;
- Improving the M&E system; and
- Alleviating other known operational issues (procedures, staffing).



### *C1. Strategy and quality at entry recommendations*

170. **Recommendation 1: Finding a counterpart genuinely interested in the project and its future outcome.** The strengths and weaknesses of the potential counterparts should be better identified, as well as their capacity building needs. The EU Delegation or another EU group should be able to voice their reservation and oppose the choice of a counterpart if they know of past or potential problems. As has been seen above, the qualification and motivation of the counterpart is key to the success of a project, and more important to its sustainability and impact. The work with a counterpart capable to implement the project is critical to the future success. In some cases, such as work with associations or agencies, one way to test their interest would be, as recommended by some evaluation, to provide the support on cost-sharing basis – which depending on the circumstance, might appropriately be set at 50% of the costs.

171. **Recommendation 2: More programmes/ projects should be focussing directly to the private sector.** While the private sector is not always represented or grouped, projects should include attempts to grouping of enterprises and consultations with private operators, associations (whatever their form as they may differ according countries and economic environment). Work through private sector organisations, more stable and efficient (such as in project 64) should be one of the priority target to explore. Attention should be paid to the reality of the private sector representation as, for example, chambers of commerce where the management is appointed and paid by the Government cannot represent the interest of the private sector. More generally, the EU should think through the theory of change underpinning its PSD activities and the role of Government there in. Should government be and large be a facilitator or direct provider of services to the private sector? In the latter case, how can it do so efficiently, effectively and transparently?

172. The EU should rethink its counterpart engagement with a view to improving its collaboration with the private sector. The EU should provide guidance to the selection of an efficient counterpart.

173. **Recommendation 3: The design phase needs to be strengthened.** Designing the project according to well established rules (no “saupoudrage”, no need to wait for a law to be passed etc. ...). All caveats are printed in every book about project design, but eventually not implemented. Lessons from past experience or projects should be critical at this stage. As identified above, a project should not include “saupoudrage”, should use OVIs which are measurable, with a baseline (example project 7). An improved focus on key objectives should be requested for all projects, with a sound chain of logic. If several design options arise, priority should be given to the one providing the best potential impact (example project 120). More attention should also be given to the choice of the instruments, and their adequacy to the local environment. Finally, most evaluation stressed the fact that the design should not include “one-time” actions in enterprises, but actions built in long term development strategies (Example project 64, project 7). Finally, given the well-known delay to recruit consultants, some actions should be started before FA signing, such as for example the short list of consultants (conditional to the signing of the FA).

174. **Recommendation 4: The projects should be ready for implementation as soon as they are signed.** This implies that all relevant implementing partners identified during the Identification mission of the project (this is not always the case), launching all the administrative steps that can be implemented before the signing (already, the Formulation mission writes the ToRs; it could also take additional steps, such as preparing a shortlist).

#### **Implementing the recommendations**

- The EU may support the creation of “rating or assessment” agencies that would evaluate the practices of various private sector agencies. This would facilitate the selection of counterpart and probably stimulate improvement in such institutions.
- Introducing peer reviews for project design, including in a number of cases external independent experts will facilitate the decision on good or poor projects (including counterparts).
- Preparation of the short list of consultants is completed prior to the FA signing.

- Strengthening the role of the delegation in the identification missions.
- Keeping a constant contact with private sector organisations at delegation level (done already in most cases, but must be reinforced) will provide the necessary feedback for PSD projects.
- Providing the delegation with the possibility not to launch projects if the counterpart does not appear to be reliable.

175. **Recommendation 5: Establish a proper knowledge management system (filing system) and improve evaluation quality, with a view to increasing public access to information.** The experience in preparing this report with respect to the availability of critical information (reports, financial data) shows that there is a definite problem in this area. This issue has been confirmed by interviews with some staff. This issue is outside our scope of work, and we do not have enough data to analyse the problem and make recommendations, but the problem is obvious, and its consequences are far reaching: how can the lessons learnt be used for new projects when it is difficult to obtain information in the first place?

#### **Implementing the recommendations**

- The EU should draw on the open access to information practiced by many development partners, and publish the evaluation reports prepared by independent evaluators, together with the answer sheet from DEVCO and the Delegation. The same goes for other key documents, such as the appraisal reports.
- Improving the knowledge management system (to be checked, outside the mandate of this team) will facilitate the dissemination of lessons; at DEVCO level, the information from the delegations is not complete. Is it the same at delegation level? and retrieving data from past projects needs to be easy.

#### *C2. Improving the M&E system*

176. **Recommendation 6: Improving the presentation and readability of evaluation reports,** the knowledge base of the EU, will accelerate the use of the reports and the consolidation of experience by the staff. As mentioned above, the improvements should focus on the content (evaluation of the overall objectives, and not only the components), coherent grading and the presentation of results, and the presentation. Some objectives are difficult to evaluate in the absence of proper data on indicator. A mutualisation of data collection on these indicators (working more closely with development partners and other stakeholders) would greatly improve the objective evaluation. While in practice, irrespective of funding, many projects appear to have an internal monitoring, some do not have such feature. This should be required to all operations and built into their design and funded (a required allocation of €500,000 to €1 million would not be atypical).

177. Another complementary approach would be to develop partnerships with universities and research institutions. The approach would involve data collection and assessments by PhD students supervised by their professors under the umbrella of EU operation. The idea would be that in exchange access to data and modest fees (say to cover per-diem only) the counterpart would undertake research and impact assessment which would be used by both parties to publish papers or write thesis, and complement evaluations through more rigorous quantitative methods.

178. PSD operations do not lend themselves to standard indicators. Nevertheless, in some cases, such indicators may prove quite useful. For example, when capacity is built and people are trained, the percentage of staff retained, and indication of whether they use the training and equipment in their job would go a long way towards better understanding whether the activity is sustainable and was impactful.

### Implementing the recommendations

- The quality of M&E arrangement should be reviewed by independent experts involved in Quality and Entry Review (as also discussed elsewhere).
- Determine whether the Logframe remains the most suitable M&E framework for PSD operations (and alternative would be to deemphasize OOs and adopt a results framework based on well specified SOs).
- The TORs of evaluation should stress (i) the need to evaluate the overall success of the project vis a vis its objectives, and not only the success of each component; (ii) the separate evaluation of design and sustainability; and (iii) the necessary rating for each DAC criteria; and an overall rating, if possible with the same criteria as ROM.
- Provide separate ratings for strategic relevance and design.
- An improved format will be provided to evaluators including a standard summary sheet with key standard data on the project and an executive summary of no more than 3 pages.
- Internal monitoring should be imbedded in the projects.
- Complement M&E with specific surveys and impact assessments.
- Ensure that indicators retained are SMART when the operation is approved. Should there be exceptions, the documents should indicate what remains to be done, by whom and by when. Also standard indicators should be used, where feasible.
- Allocate adequate resources for the implementation of M&E. Costs are likely to be non-trivial (€1 million or more) and may be unaffordable for smaller operations. In such cases, seek possible cost-sharing arrangements with other development partners, or research institutions.
- Include provisions in the Financing Agreement that increases the flexibility to modify and improve indicators during implementation.

### *C3. Alleviating other known operational issues (procedures, staffing)*

179. **Recommendation 7: Facilitation of implementation of procedures** - The recommendation is not changing the procedures, but making their implementation more efficient to smooth the implementation of the project. Sometimes, more flexible procedures can be implemented (project 64) or ad-hoc procedures approved by the EU (project 121 even prepared a manual disseminated to all beneficiaries). In other words, we recommend either financing a third party donor, with a good control but lighter procedures; or building the time/red tape constraint into the project (time and staff consuming).

### Implementing the recommendations

- Incorporating into the project capacity building and dissemination of procedures to counterparts and beneficiaries will facilitate implementation and alleviate stress (time, staff).

180. **Recommendations 8:** Other recommendations resulting from the above analysis:

- (i) Top-down approaches such as support to Intermediary Organisations and small projects (stand-alone studies, conferences, etc.) need to be embedded in a broader approach that is either part of the operation (e.g., support to clusters) or where the issue being supported is an input to a broader process with clear transmission mechanisms. Be more selective in the choice of activities funded, and ensure financing amount is adequate to attain objectives, which in turn, especially in the case of OOs, should be specified at an appropriately realistic level. Recommendation 1 also pertains to this area.
- (ii) Undertake a review how EU PSD operations have contributed to the broader reform agenda. The approach would involve looking at policy actions included in budget support operations and check

whether there is evidence in the appraisal reports that they are based on activities funded elsewhere under EU PSD operations. We estimate that, assuming the documents are available, such an exercise for the period 2000 to present might be feasible and take a few hours per country to review documents and compile data.

- (iii) As long as basic M&E of EU PSD operations remains inadequate, focus efforts on improving it, even if it means giving less emphasis to cross-cutting issues that are not directly a result of, or readily attributable to, the operation. In this context, measuring access by women beneficiaries in a micro-finance operation to new jobs created through improved access to finance should still be part of core indicators.
- (iv) Whenever an EU operation is implemented by another partner, cost sharing would ideally be required and evaluations should be fully independent. The donor's performance should be carefully reviewed at mid-term review and by ROMs.

181. Recommendations to be further explored by DEVCO outside the scope of this project, relate to more extensive interviews of the team leader, more flexibility on rates to ensure quality, raise (at least double) thresholds for framework contracts.

**VIII. ANNEXES**

## Annex 1: Questions Listed in ToRs

- 1) To what extent are impact models used in the evaluations as a basis for the analysis?
- 2) To what extent are the levels of outcomes/impact comparable? (Are the projects taking into account the entire sector or only partial aspects?)
- 3) How have PSD projects and their evaluations evolved over time?
- 4) To what extent have evaluations delivered reliable quantitative results and analyses?
- 5) To what extent were high-quality indicators (SMART criteria) analysed and/or collected in the evaluations data?
- 6) To what extent are the evaluation results based on reliable secondary data (E.g. on monitoring systems of projects and/or partners)? feed 5
- 7) To what extent are the evaluation results based on primary data, in the context of the field phases of the evaluations carried out? Feed5
- 8) Was the methodological approach presented in a transparent manner?
- 9) Were the designs and data collection adequately tailored to the subject of the investigation?
- 10) Were comparison groups and before-after comparisons taken into account?
- 11) To what extent are the reviews of the success of the projects verifiable in a comprehensible and objective manner in accordance with the OECD-DAC evaluation criteria? Accordingly, was the evaluation carried out uniformly according to the DAC criteria?
- 12) To what extent are the reviews of the projects' success in relation with the OECD-DAC evaluation criteria and the donors grading system comprehensibly and objectively verifiable?
- 13) How is the success of the evaluated private sector development programmes with regard to the OECD-DAC evaluation criteria (relevance, effectiveness, impact, effectiveness, sustainability) represented as a whole? What conclusions can be drawn in regard to the evaluation criteria used for private sector development programmes?
- 14) Which recommendations are made regarding the ROM system with regard to Private Sector Development programmes?
- 15) What are generalizable and manageable factors of success and failure derived from the evaluations?
- 16) Are there any examples of particularly good or bad management practices that are relevant for the planning, design, formulation and implementation of private sector development projects?
- 17) Can generalizable sectoral or professional factors of success and failure be derived from the evaluations? Any market distortion due to the intervention + additionality + neutrality
- 18) Is there any evidence of how the mix of instruments affects the sustainability of the project results? Can positive examples of instruments mix be derived? Link to 17
- 19) To what extent do subsidies distort market competition and how can this be best mitigated? Links to 18
- 20) Poverty reduction section: Is there evidence provided on employment creation that can be used as a key element of poverty reduction
- 21) Are there any examples of particularly promising methodological approaches that are relevant for the planning and implementation of private sector development programmes?

- 22) What statements can be made based on the evaluation results on the following overarching questions: (i) Alignment: Are the measures consistent with international and national targets and strategies in terms of private sector support (E.g. MDG2, industrial and SME support policies)?; Systemic relevance: what are the contributions of the measures taken in view of strengthening the private sector?
- 23) Can the results constellations be plausibly proved? And in particular 1) are there lessons learned and methodological recommendations that can be established to register the direct/indirect results of private sector development projects and programmes, also bearing in mind the different intervention levels? 2) Via which results channels (e.g. employment, taxes/subsidies, access to services, property and societal power positions) were poverty-related and gender-related intended/unintended results achieved? 3). Which 'core indicators' are suitable for general use (e.g. in the form of an 'indicator database')?
- 24) What overarching recommendations can be made to the European Commission from the evaluation results regarding planning and implementation, as well as result-oriented monitoring (ROM) of private sector development projects (with regard to the use of TZ instruments and approaches such as professionals, HCD, financing, consulting, real assets and with regard to the future integrated programming/instruments mix.
- 25) What recommendations can be derived for future planning using an impact model/matrix?
- 26) To what extent cross-cutting issues (E.g. equal opportunities, gender equality, good governance, poverty alleviation) have been taken into account in the evaluations and project design? What conclusions can be drawn from the analysis of the cross-cutting issues in the area of private sector development? Indicative list of evaluation questions on cross-cutting issues
- 27) To what extent and how frequently did/do the programmes reflect following approaches: (i) Holistic approach: linkage of economic, social and ecological target dimensions; of sectoral, organisational and policy advice; of the micro, meso and macro levels; (ii) Process-oriented approach: help for self-help; establishing transparency of actors' interests; promoting interaction between the state, civil society and the private sector; and (iii) Value-oriented approach: promoting democracy, the rule of law, human rights; gender equality; good governance; social and ecological market economy.
- 28) Are there recurring strengths and weaknesses in the private sector development approaches?
- 29) Can trends be established in the course of time in terms of design and advisory approaches?
- 30) Examining the multi-level approach: to what extent does the interplay of interventions function at micro, meso and macro level? Can correlations be established between the intervention level on the one hand and the (achieved) direct results on the other? Project + Outside indicative program + Literature review
- 31) What were/are the success factors for the private sector development approach? To what extent was the gender-sensitive design of the projects/programmes a success factor?
- 32) What role/which functions has the private sector (private companies, business organisations) assumed in the project/programme? Which forms of cooperation were especially successful?
- 33) The core element of private sector development is cooperation with private and state actors and support for the dialogue between governmental and private stakeholders. Are state actors assuming a greater role in implementing economic development strategies, and is business promotion being increasingly integrated into state programmes (in the context of the aid effectiveness agenda)?

## Annex 2: List of EU Projects/Programmes included in Meta-evaluation (Source: DEVCO)

EU#	Region	Country	Programme/Project Title	Subsector	Type	Pillar	Instrument	Contract Year	Contract CRIS number	Programme CRIS number
1	ENPI South	Algeria	Programme d'appui aux PME II	PS	meso	2	ENPI			2007/19422
3	Asia	Bangladesh	Bangladesh South Asia Enterprise Development Facility	PS	micro	1 ; 3	DCI-ASIE			2002 / 002-548
7	ACP	Barbados	Diversification and Private Sector Development Programmes in the Windward Islands	PS	meso/ micro	1 ; 2	BAN	2013	317656	
9	AL	Bolivia	TRADE DEVELOPMENT INVESTMENT PROMOTION PROGRAMME	TR						
10	AL	Brazil	Support to the international insertion of Brazilian SME - ALA/BRA/2004/006-189	PS	macro/ meso/ micro	1 ; 2	DCI-ALA	2011	272919	2005/6189
14	ACP	Caribbean	9th EDF Caribbean Trade and private sector development programme (Phase 1)	PS		1				
16	AL	Chile	Innovation and competitiveness	PS	meso	2	DCI			2007/19015
17	AL	Chile	Proyecto Empresas Innovadoras	PS	meso/ micro	2	ALA	2011	260724	
18	Asia	China	EU-China Project on the protection of Intellectual Property Rights (IPR2)	TR	macro	IPR	DCI-ASIE	2011	264-612	2006 /018178
19	AL	Costa Rica	Renforcement de la compétitivité/ Qualité (PROCALIDAD)	PS	meso	2 ; quali ty infra struc ture	DCI-ALA			2009 / 020-289
20	AL	Costa Rica	Support for compliance with sanitary and phytosanitary measures							
24	ENPI South	Egypt	Spinning and Weaving Sector Support Programme	PS	macro	1	MED	2009	2009 / 221263	2004/6223
28	AL	El Salvador	Fortalecimiento de la Competitividad de las Micro y Pequeñas Empresas en El Salvador	PS	micro	2				2005 / 016-805



34	ACP	Haiti	Programme de Renforcement Intégré du Milieu des Affaires	PS	macro	1 ; 2	FED	2009	220320	2004/16977
37	Asia	India	EU – India Trade and Investment Development Programme		meso					
38	Asia	Indonesia	Final Evaluation of the EU-Indonesia Small Projects Facility				ASIE	2008	156318	
39	ACP	Intra-ACP	Private Sector Enabling Environment Facility - PSEEF	PS	macro	1	EDF			17387
40	ACP	Intra-ACP	ProInvest	PS	meso	2	FED	2011	267835	
41	ACP	Intra-ACP	EU/ACP Microfinance Framework Programme	PS	micro	3	EDF			16400
43	AL	Jamaica	JAMAICA PRIVATE SECTOR DEVELOPMENT PROGRAMME	PS	macro	2				16410
47	Asia	Kazakhstan	Evaluation of 3 contracts under the EC-funded "Economic Development in Kazakhstan: Enhancing Economic Diversification and Competitiveness in Kazakhstan" actions, decision 2007/19246	PS	meso	2	DCI-ASIE	2012	297839	2007/19246
50	ENPI South	Lebanon	Private Sector Development programme (PSD14)	PS	meso		ENPI	2009	19621	ENPI/2008/019-621
54	ENPI South	Morocco	Programme d'Appui aux Entreprises	PS	meso	2	MED	2009	2009 / 221770	2002/5691
55	ENPI South	Morocco	PROGRAMME PAAP II	PS	meso	2	MED	2010	241098	2005/17324
60	AL	Paraguay	FOCOSEP - Proyecto de fortalecimiento de la competitividad del sector exportador paraguayo	PS/TR	macro/meso	1 ; 2	ALA	2010	235363	2004/16713
64	AL	Regional	AL-Invest IV	PS	meso/micro	2	DCI-ALA	2011	268725	2007/19165
67	Asia	Regional	ASEAN Programme for Regional Integration Support	RI	meso	2	ASIE	2010	255-042	2005/17600
70	Asia	Regional	Central Asia Invest Programme	PS	macro/meso	1 ; 2	DCI-ASIE	2011	262407	2011/23448
74	ACP	Intra-ACP	Projets « Appui au secteur privé africain vis-à-vis du Plan d'Action FLEGT » et « RECAP WOOD INVEST »	PS	micro		DCI-ENV	2011	279495	2007/20846

75	ACP	Intra-ACP	Private Sector Enabling Environment Facility - PSEEF/BIZ CLIM phase 3	PS	macro	1	FED		308049	2009 / 021-679
81	ACP	South Africa	Local Economic Development Support Programme in the Eastern Cape Province	PS	macro/meso	1 ; 2		2013	309243	
82	ACP	South Africa	Support for Standards, Quality, Accreditation, Metrology (SQAM)	TR	quality infrastructure					2006/017-950
84	ENPI South	Syria	Banking Sector Support Programme II (BSSPII)	PS	meso	2	MED	2010	238727	2004/6226
87	Asia	Tajikistan	Support to Private Sector Development in Tajikistan Program (AAP 2009).	PS	macro/meso	1 ; 3	DCI-ASIE	2012	309136	2008/19223
88	Asia	Thailand	EU-Thailand Small Projects Facility Programme	PS			ASIE	2007	143519	
90	ACP	Uganda	Support to the Uganda Competitiveness and Investment Climate Strategy funded by EU and ADC	PS	macro	1 ; 2	FED	2010	232-341	
94	ACP		Assessment of EU interventions in relation to the private sector under the various financial instruments dedicated to the banana and sugar sectors							
97	ENPI South	Jordan	JSMP I Grant Impact Evaluation							
99	ACP	Ivory Coast	Amélioration de la compétitivité des entreprises ivoiriennes des secteurs d'exportation non traditionnels, part of PACIR programme and implemented by UNIDO			1 ; 2			21309	
103	ACP	Cameroon	Programme d'appui et de soutien à l'accord de partenariat économique (PASAPE)		macro, meso	1			2012/299-343	2007/018-833
104	ACP	Cameroon	Programme d'Appui au Plan de Modernisation des Douanes (PAPMOD)		macro, meso	1			2013/310-976	2009/021-375.
105	ACP	Swaziland	Competitiveness and Trade Support Programme, Swaziland		macro, meso	1				206/18505

107	Asia	Vietnam	Vietnam Private Sector Support Programme							
108	ACP	Uganda	EPA trade related and private sector development programme		macro/ meso	1 ; 2				FED/2008/020 -218
109	ACP	Ghana	EC-funded Danida programme:							
110	ENPI South	Algeria	Programme d'appui aux PME (PME I)							
120	ENPI	ENPI	Neighbourhood Investment Facility							
121	ACP	Caribbean	Integrated Development Programme for the Caribbean Rum Sector IDPCRS							

## **Annex 3: Ratings**

**Provided separately**

### Annex 4: Detailed list of what worked and what did not for a sample of projects

#	Country	Worked	Did not
1	Algeria	Proactive management; flexible iterative approach and prioritization during implementation; Quality infrastructure (international accreditation of ALEGERAC; transfer of project staff and files.	Unclear and poorly quantified objectives; slow start; too many competing demands from overlapping institutions; weaknesses at the level of beneficiaries; institution support dispersed and TA & 3 technical centres not well perceived (unresponsive and bureaucratic); too many administrative changes; ANDPME lacks capacity to fulfil its role.
3	Bangladesh	One-stop registration; No delay in start-up reported (positive outlier in EU PSD) and Establishment of an industrial estate and the creation of an IT park.	M&E from the start was general, too complicated and under-funded; Example of upstream outputs (studies and training) being provided with limited follow-up and sustainability. Too complex with too many goals, especially given the limited financing envelope. High overheads; Significant inaccuracies in reporting by executing donor.
09	Bolivia Procoin	Use of experience of the Chilean and Peruvian export promotion programmes .	<p>The project was initially relevant, but the gvt changed its objectives, and did not comply with its obligations.</p> <p>Too many actors wanting to take part to the project: Gvt, Regions, Private sector</p> <p>Several efficiency problems due to</p> <ul style="list-style-type: none"> <li>- A change in counterpart ministry</li> <li>- Staff changes within the PIU</li> <li>- Conflicts between the PIU and the counterpart</li> <li>- Constant delays in the design and approbation of programmes</li> <li>- Delays in the implementation of approved activities</li> <li>- Cancellation of already approved activities</li> <li>- Lack of autonomy of the PIU</li> <li>- Lack of knowledge of FA, EU regulations</li> <li>- Lack of financial support from Gvt</li> <li>- conflicts between AT and PIU</li> <li>- political factors</li> </ul> <p>in most components the project did not implement the planned actions.</p> <p>One of the major beneficiaries has been disbanded, replaced by a similar institution but in such a way that it could not benefit from the project....</p> <p>Numerous delays due to conflicts within the PIU</p> <p>The Gvt did not fulfil its obligations, both financially and in terms of support.</p>

10	Brazil	In spite of its shortened life-span, the project, according to evaluators and monitors, could reach all its specific objectives. Examples of increase in employment attributed to the project. Beneficiary considered efficient and positive: funded the project during the long starting period.	The implementation of the project started two years later than planned, as the Brazilian beneficiary and the EU did not sign the necessary legal documents, and the TA was not contracted. The reports do not state clearly the reasons of this delay in signing the documents, and hint at slow red tape speed rather than any fundamental disagreement.
14	Caribbean	Coordination/buy-in by various stakeholders; Better regional coordination on trade issues.	CEDA's sustainability at risk and its business plan, fiduciary systems and staffing incomplete; 41% of funds not committed; Project too complex.
18	China	Well-focused project; Initial delays made-up and outputs delivered; Refocusing the project based on MTR. Assisted EU industry and companies in soft lobbying Chinese authorities, Helped raising IP awareness in China. Peer-to-peer training. Effective public bodies are a success factor. Excellent integration into the overall EU-China dialogue. Selectivity: Concentrates on large, complex problem areas that demand long-term involvement of EU and Chinese counterparts.	M&E; Ultimate impact depends on laws and regulations being implemented and enforced; Unclear specific exit strategy document.
24	Egypt	Labour retrenchment/retraining (not fully demonstrated but key politically); Funding; parallel TA.	Privatization; Much remains to be done; Insufficient funding of some activities.
33	Guatemala Foguami	Outputs achieved, but too late to achieve outcomes. No employment impact mentioned.	Only 81% of the budget spent, partly because the UE can disburse only 80% of the project cost – and the Government did not disburse sufficiently. Lack of funding from the Government, which means that the matching funds from the EU cannot be disbursed Heavy management costs, with a 30 person PMU insufficient absorption capacity, on top of this the late contracting means that the beneficiaries must absorb the benefits in a very short time, which is impossible for them Most activities started in the project have not been continued At the end, there existed a reporting system, but it was purely quantitative, did not alert on problems or on the quality of the outcomes.

34	Haiti	Business linkages (specific case) and more generally private sector orientation; Creation of an apex chamber of commerce; focusing 45% of resources on 7 beneficiaries was effective.	Ignoring investment climate issues; Supply-driven approach going through intermediaries who offer service; No procedure manual for the matching-grant; Lack of focus on the informal sector; Change of EU counterpart (6); Infrequent meetings of steering committee; Interventions spread too thinly over many activities; Risk of continued support to weak intermediary organizations; geographical coverage too broad; continuous changes in counterparts; about 20% of the financing was not used (figures unclear).
37	India	IPR	Most other aspects of the project, due in part to problems with quality at entry; dropping a major impact assessment exercise and other aspects of M&E were weak; Lack of involvement of beneficiaries and stakeholders; Lack of coordination and synergies within, and between different components; delays and over-complexity and saupoudrage; balance between capacity building and study tours too far towards latter, and impact of training should be assessed more rigorously; significant financing of equipment if not tied to policy dialogue; up-front evidence of government ownership of activities; sustainability should be part of design; 23% of financing unspent.
38	Indonesia	Subprojects work well when linked to a broader programme. Success when strong stakeholder ownership. Dialogue fora as the means to keep an issue topical. Poor response by some business groups. Financing largely used.	Time too short. M&E weak. Insufficient attention to sustainability. Subprojects too small to make an impact. Few formal partnerships generated and some targets groups uninterested. Mandate to broad and potentially divergent objectives. Overheads high and cost-sharing by beneficiaries too low.
39	ACP BizClim	Excellent management. Results-orientation. Start new initiatives which if launched successfully lead to follow-up projects of high relevance. Bottom-up approach. Dissemination of knowledge.	Procedures and procurement delays. Insufficient use of local expertise. Funding too narrow/insufficient. M&E.
40	ACP ProInvest	Beneficiaries had the opportunity to learn functioning and necessities of new markets, identify the factors hampering the development of private sector development in their own countries and regions, make contacts with stakeholders from EU and other ACP countries and create strategic networks. Capacity building in some IOs and enterprises.	Achievement of objectives undermined by lack of flexibility and unrealistic timeframes. Mistaken underlying hypothesis underpinning subprojects. High management cost (19% of expenditure). Thematic and geographic coverage too broad. Input-orientation and unclearly defined results. Insufficient absorptive capacity at the level of IOs. Insufficient attention to feasibility. Low visibility. Inadequate internal organisation and M&E.

43	Jamaica	<p>12 components may seem too many, but they are all necessary and related</p> <p>Good sustainability as the project will be embedded in existing institutions; some components (BSO) may require additional financing, or “handholding”</p>	<p>The feasibility study was too theoretical and general, not adapted to the particular Jamaican context; no needs assessment of target groups.</p> <p>The project gave direct support to enterprises, which was not the best approved method Direct assistance to MSMEs was largely ineffective, onerous and difficult. Procedures eventually softened; direct support to MSMEs was not the right method. Changed at half-life.</p> <p>Very weak relationship between activities, expected outcomes, indicators.</p> <p>PSD projects should focus on macro, BSO support, not on direct provision of services to firms and BSOs.</p> <p>PMU overburdened, was reinforced but not enough and too late</p> <p>Delays due to difficulties in understanding and implementing the newest EU EDF rules.</p> <p>MSMEs made proposals but withdrew them because of too long administrative delays.</p> <p>Such wide ranging projects should have a minimum timeframe of 5 years, too early to make an impact assessment.</p> <p>Good impact prospects because of corporate memory, but problems of finance will arise.</p>
54	Morocco	Quality/norm was a relative success. Improved capacity of ANPME and guarantee fund.	Programme overly complex and too dispersed. Frequent changes (3) in mission chiefs. "Saupoudrage" and absence of long-term strategy. Actions incomplete: Laws/regulations prepared but not adopted; labs not accredited. Key public institutions not adequately funded.
55	Morocco	Good management.	Funding of associations already supported by other donors, while others were dormant and unable to absorb the support (poor selectivity). Lessons learnt from previous operation not taken into account. Too many associations were supported at the expense of depth and quality. Wasted resources with limited impact. 65% of financing disbursed. Poor M&E.
67	Regional	Excellent initial capacity building support to the ASEAN Secretariat, and strengthening of ASEAN institutions. Assistance to regulators and regulatory authority laboratories in the food sector in the field of Standards and, in the area of Customs and Trade Facilitation.	Benefits of support to ASEAN secretariat eroded following its reorganization. Lack of clarity of purpose due to limited involvement of working groups in project preparation. Lack of implementation plan (under-design). Lack of guidance by steering committee. Poor communication between project staff and working groups. Staff movement. Poor M&E and absence of quantitative impact assessment. Lack of coordination between project, EU and related bilateral projects. Lack of support activities focusing on



			implementation of project outputs (broader context not taken into account). Interruption of some planned activities.
70	Central Asia Invest Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan POLICY COMPONENT OPERATED BY OECD	The Central Asian project partners are most optimistic about the project achievements, the local EU programme officials least optimistic Demonstration effect for grant component.	<p>BIO: Alignment with EU priorities, not always with country priorities.; Too small project for Kazakhstan, too intrusive for Uzbekistan and Turkmenistan.</p> <p>Two broadly unrelated components. The two components (grants to BIOs and Policy) are disconnected, no common action – but anyway grant recipients would rather not be linked with such policy matters.</p> <p>Policy component: not welcome in most countries; Policy: no sustainability outside OECD – and OECD is not present.</p> <p>Over two third of the Central Asian project partners fully agree that the services of BIOs have improved as a result of the project (please note that they are the BIOs themselves!) But only less than half of the EU project partners fully agree that the services of BIOS have actually improved as a result of the project. None of the local EU programme officials fully shares this opinion.</p> <p>Evaluator: “In general, the more regional the programme’s initiatives and interventions, the less their impact and sustainability. The choice between either regionalisation or impact and sustainability is a matter of preference, for which no recommendations can be given here.”</p>
81	South Africa, Eastern Cape province, Economic Development Local	<p>12000 jobs created, well in excess of target it not only brought improvements in planning capacities at local level through LED training, communication and planning, but also contributed to a higher profile for LED within municipalities throughout the province.</p> <p>19% (1 408) of the targeted sustainable jobs were created. If one includes temporary jobs, the total percentage of jobs achieved rises to 82.1%.</p> <p>Efficiently managed, 99% contracted.</p>	<p>Human resources retention–associated risks, especially at the local level, have not been carefully scrutinized in the programme formulation and this turned to be a shortcoming.</p> <p>The specificities of the situation in the EC province have not been taken into proper consideration.</p> <p>The lack of an appropriate stakeholder and institutional capacity analysis at management and implementation level (Provincial and local governments, private sector) is perhaps one of the most significant shortcomings of the project design phase.</p> <p>It seems that the programme design did not take into sufficient account the risk that the big amount of work needed to implement the grant schemes would prevail over the ‘soft’ component.</p>

			<p>The project's main contribution to the sustainability of gains achieved in the course of its lifespan has been the province's institutionalisation of important lessons learned. In particular, the institutionalisation of central structures established during the programme and the budgeted resources for competitive grant funds bode well for sustaining the gains achieved.</p> <p>The project was never assessed in terms of quality and none of the monitoring reports provides for an assessment of the overall quality of outputs. Outcome indicators should be included in future exercises.</p> <p>None of the recommendations of MTE have been implemented.</p>
84	Syria Banking sector	<p>The initial objective was clear, the changes that occurred in the banking system led to a complete re-drafting Well aligned with EU and Syrian policy of economic change. Inputs on time and outputs delivered. Harmonised with a project that could have been a competitor but is now complementary (EIB/FEEMIP).</p>	<p>It would have been better to have several projects over a longer period Has been at some stage divided into sub project, with ensuing chaos. Limited impact to be expected: the IT systems will not be implemented because of embargo and lack of staff, the people trained have gone to other positions or the banks did not implement the changes they were training for.</p>
99	Cote d'Ivoire	<p>Establishment of 3 exports consortia. Productivity increase and job creation. 6 enterprises received credit. Labs constructed but not fully operational. Agency of industrial Competitiveness created (but not operational). 4 out of 7 consortia are led by women. Effective private sector participation in the steering committee. Project expected to be largely disbursed.</p>	<p>Equipment purchase for enterprises not good practice. Next steps to support consortia unclear. 110 standards developed and adopted. Use of labs services and standards by enterprises uncertain. Some activities incomplete. M&amp;E weak. Absence of financial sector representatives in steering committee.</p>
105	Swaziland	<p>Very limited progress. Project closed at MTR.</p>	<p>Programme failed largely due to: (i) Rigidity of the contract conditions; (ii) Failure of the contractor to adapt sufficiently to the rigid legal environment; (iii) Failure of the contractor to progress the STE inputs beyond the initial thirteen proposals presented; (iv) An unnecessarily lengthy, multi-stage approvals process; (v) Slow response times, mainly from the EU Delegation; (vi) Resource constraints in the EC Delegation and the office of the NAO; and (vii) Divided responsibilities within the EE institutional framework, involving both Lesotho and Swaziland. Lack of strategic approach towards competitiveness. Absence of proactive team leader. Weak M&amp;E. Inadequate implementation resources. Operational manual</p>

			not ready. Weak design.
107	Vietnam	Outputs [as per evaluation]: (i) Business registration processes significantly improved in the three participating provinces; (ii) Strong demonstration effect of tourism, transport and fishery inputs; (iii) Initial support to business associations that was appreciated; (iv) Two incubators constructed and staff trained; (v) Significant learning experience for the newly-formed ASMED in managing a complex donor programme; and (vi) Enhanced skills of provincial programme staff and contract hires. Financing disbursed. Steering committee represented stakeholders.	Unfinished agenda, including: (i) implementing the findings of the fishery, freight and tourism studies; (ii) continuing the development of business associations; (iii) addressing the further issues affecting the business environment; and (iv) developing a PPD strategy to enable the institutionalization of a continuing public-private dialogue on policy and the impact of public administration on economic actors. Other issues include delays, complex procedures, adequate funding over time, and insufficient appraisal of some components.
108	Uganda	<u>Project included trade component. Only PSD aspects are covered here.</u> Standards a relative success. Public institutions more capable. Financing disbursed.	Lack of adequate M&E. Over-complexity. PSD largely output that required implementation. Insufficient consultation with the private sector and its lack of inclusion in the steering committee.
109	Ghana	Co-financing of broader programme implemented by Danida. SO largely attained. Advocacy strengthened. Plausible contributions to investment climate. Improved public-private sector dialogue.	OOs under-achieved. Impact study not rigorous. Fixed costs made small projects inefficient.
120	ENPI Neighbourhood Investment Facility	Projects are well aligned with the NIF objectives. Indirect contributions to poverty alleviation, direct contributions to environment. The effectiveness of TA is considered high NIF operation is cost effective, with limited administrative costs and overhead”. The projects are in general sustainable	insufficient consultation with civil society Transport interconnectivity is not considered a priority by ENPI South member countries. Choice of projects based on limited information, limited time and staff for evaluation, no hierarchy of projects. EU Delegations are not sufficiently involved. 2 of the 5 proposed instruments are not used; “social projects are better addressed by other cooperation tools.”

		<p>Good choice of projects – NIF has been instrumental in increasing synergies between FIs but not with EUDs. Informal but effective coordination with other blending mechanisms.</p>	<p>Pertinent project monitoring mechanisms are included, but no result based framework to support steering of portfolio, pipelines, project follow up; ROM is not sufficiently applied, Evaluation mechanisms at project level are weak, <b>Evaluation reports in general are not shared with EC and Delegations.</b></p>
121	Caribbean Rum Sector	<p>Fully aligned: the project was to compensate for the loss of the preferential status. Huge impact: exports have tripled, industry association strengthened, spurred capital investment, waste treatment investment, marketing, strengthened the companies. The project was successfully modified during the course of the programme, especially for the needs of the SME. Industry associations can be excellent interfaces between the private and public sectors. Good project identification.</p>	<p>The Programme underestimated the cash flow capabilities of the SME.</p>

## Annex 5: Logical links

#	Country	Overall Objectives	Specific Objectives	Components
1	Algeria	<i>Améliorer la compétitivité des PME Algériennes.</i>	<i>Consolidation de la mise à niveau des entreprises, mise en place d'une démarche qualité-normalisation et renforcement des structures d'appui aux PME.</i>	<i>L'appui direct aux PME ; l'appui aux institutions et aux services d'appui ; l'appui à la mise en place d'un système qualité dans certaines filière.</i>
3	Bangladesh	Helping the government reducing poverty and contributing towards country's integration to the world economy.	None	Access to Finance, Business Environment, Capacity building and linkages.
7	Barbados	Several projects with different OOs.	Several projects with different SOs.	
9	Bolivia	Improving the external trade and investments between Bolivian and EU enterprises as sustainable mechanisms supporting the economic development of the country, the rise of employment, a sustained increase in the entrepreneurial basis in Bolivia, and fighting against poverty.		
10	Brazil	Contributing to the competitive insertion of Brazil in the world economy and, in particular, reinforcing the economic and commercial relations between Brazil and the European Union.	Promoting expansion and diversification of the exportations of Brazilian SMEs, with a focus on products with a high technological content.	
14	Caribbean	Contribute to the integration of CARIFORUM countries into the world economy and in turn to regional economic growth and poverty reduction.	Strengthen CEDA.	Various activities related to financing, corporate governance, business plan and sustainability.
16	Chile	To contribute to the support of the government policies and strategies to promote innovation and competitiveness	Promoting new instruments to improve the management of the Chilean policies of innovation and competitiveness.	Call for proposal, resulting in 10 different projects.

17	Chile	Contribute to the increase of the competitiveness of the Chilean economy through support to innovation and technological development in strategic sectors of the national economy, and to its transfer and dissemination to the enterprise sector, especially manufacturing and service SMEs, improving the competitive positioning of the Chilean economy.	Contributing significantly, through direct support to the creation and development of SMEs, promoting its innovative aspects permitting the creation of new businesses innovation intensive, and optimize the value chain to get inserted in global markets.	Access to finance, patenting, clean manufacturing, simplification of procedures, entrepreneurship culture.
18	China	To support the smooth integration of China into the world trading system and contributing to its transition to a market economy.	To improve the effectiveness of IPR enforcement in china; and to support the construction of a sustainable network between Chinese and EU stakeholders.	(1) Legal Framework; (2) Capacity Building; (3) Access to information; (4) Enforcement; (5) Support to Right Holders; and (6) Trademarks and Designs.
19	Costa Rica	To contribute to the increase of industrial exports of SMEs".	To improve the compliance with standards and technical requirements of the EU, CA and other international markets in order to facilitate market access of industrial products of SMEs from Costa Rica".	
20	Costa Rica	to contribute to the increase of exports and socio-economic development of the country to improve compliance with the SPS measures of the EU in order to facilitate market access of agricultural, livestock and fishery products to the EU market.	to improve compliance with the SPS measures of the EU in order to facilitate market access of agricultural, livestock and fishery products to the EU market.	Strengthening the capacities of the national services responsible for inspection and certification of SPS 13:13 through upgrading of laboratory facilities and training of staff; improving awareness and capacities of producers/exporters to comply with SPS E13 through information and training.
24	Egypt		Create a modern, market driven, competitive spinning, weaving sector, capable of generating jobs and employment opportunities.	A. Improving the regulatory framework for the sector, with a focus on the cotton sector. B. Implementing the restructuring of the Spinning and Weaving public sector companies; C. Promoting social active policies to deal with labour redundancies.

28	El Salvador	Contributing to the development of the competitiveness of the Salvadorian SMEs and to the socio-economic development of the country.	Facilitating the access of SMEs to a wider range of Business support services, as a key to improving competitiveness.	Macro: strengthening the SME support system; Meso: Strengthening the Business Support Organisations; Micro: supporting individual micro-enterprises.
33	Guatemala	Contribute to the equitable and sustainable growth of the economy and employment through the strengthening of the external trade towards regional and European markets, the support to foreign investment and the increase of capacity and competitiveness.	Improving the insertion in regional and international markets, stimulate productive activity, building the capacity of the Ministry of Economy in external trade, promoting export, stimulate inversion, improving competitiveness and capacities.	Diagnostic on the needs for external trade, on the needs for capacity building at the ministry. Studies on the possible strategies.
34	Haiti	<i>Favoriser un développement économique consolidé, durable équitable et réducteur de pauvreté en Haïti.</i>	Promote the development of high potential SMEs.	<i>La fourniture des services d'appui conseil aux entreprises; et de renforcer des organisations intermédiaires (associations, professionnelles et patronales, groupements d'entreprises, organismes d'appui).</i>
37	India	Assist India in building an enabling economic environment and to improve economic governance with a view to significantly enhance trade and investment with the EU.	Assist India with upgrading its regulatory infrastructure and inspection systems to meet the requirements under WTO, enhancing training and capacity building on multilateral trade and investment aspects, and facilitating foreign investment.	(1) Upgrading of Food Laboratories, Enhancing the Information System on Food Regulations and Standards, and Related Activities (SPS/TBT); (2) Setting up Investment Facilitation Desks (IFD); (3) Establishment of EU-India Trade Portal (Trade Portal); (4) Cooperation on Customs Procedures (Customs); (5) Cooperation on Intellectual Property Rights (IPRs); and (6) sustainability impact assessment (dropped).
38	Indonesia	Support the on-going reform process of Indonesia's economy and systems of governance through an enhanced involvement of civil society partners, specifically the private sector.	(1) Develop and facilitate implementation of projects; (2) increase and improve the mutual understanding and visibility of both partners.	Small projects.

39	Intra-ACP	To contribute to enhancing economic growth in ACP-countries by means of fostering an enabling environment for private sector development in ACP countries and regions, with the ultimate objective of property reduction.	Reforms relating to the enabling environment of the private sector in ACP countries and/or regions promoted (in terms of policy, legislation and financial measures).	Demand-driven activities.
40	Intra-ACP	To reduce poverty in ACP countries and to improve the physical and social well-being of their citizens through economic growth, job creation and increased regional and global integration of the ACP economies”.	Promote investment and technology flows from the EU to enterprises operating in key sectors in ACP States through two facilities.	Demand-driven activities.
41	Intra-ACP	To contribute in a sustainable way to poverty reduction through the development of more performant and effective financial services for the poor.	Enhancing the role and capacity of those actors like intermediary organisations, regulators, supervisors and consultants in the aim to ensure the provision of a broader range of effective financial services for the majority in a sustainable way	Making the finance market more effective and transparent; enhancing the rating of the market; institutional strengthening of microfinance actors
43	Jamaica	to enhance the perspectives of socio economic development through the strengthening of the private sector in Jamaica.	Enhancing competitiveness of MSMEs and strengthen their support and representative organisations.	Empowerment of PSO in the local economic environment; enhancing enterprise competitiveness through the strengthening of the BDS system; Access to finance
47	Kazakhstan	to assist Kazakhstan in its aim to diversify the national economy FA./Promote economic diversification and reduce Kazakhstan's dependence on the energy sector Evaluation.	1. To support Kazakhstan in its preparation for WTO accession; 2. To assist in increasing the volume and diversity of external trade through support for economic diversification and increased competitiveness. ; 3. To develop a sound policy on public investment and promotion of competition within the public sector;	Trade development, PSD, Public investment
50	Lebanon	To enhance the perspectives of socio-economic development through the strengthening of Private Sector in Lebanon.	To improve the competitiveness of the Lebanese private sector in order to increase the share of Lebanese products and services in local and international markets, by contributing to the improvement of the business enabling environment, strengthening services to enterprises with a focus on innovation and	



			quality management system at national level.	
54	Morocco	<i>L'appui au développement et à la modernisation des PME.</i>	<i>Permettre à l'industrie marocaine d'atteindre un niveau de qualité compatible avec l'ouverture des frontières.</i>	<i>(1) Qualité/Normalisation; (2) Modernisation des PME; et (3) Fonds National de Mise à Niveau.</i>
55	Morocco	<i>Accroître la compétitivité des entreprises et renforcer leur capacité de mise à niveau à travers un appui aux AP.</i>	<i>Le renforcement des capacités opérationnelles des AP.</i>	Demand-driven activities.
60	Paraguay	Improving the insertion of the country in the international markets, taking advantage of potentialities present in Mercosur, Mercosur/UE Agreement and EU General Preferences.	Develop the trade of Paraguay through - 1)strengthening of the public institutions in charge of quality 2)capacity building of certification institutions 3) Reinforce public private policies for competitiveness 4) improve quality of exporting SMEs through clusters.	a) implementing a national quality system b) reinforcement and accreditation of control agencies c) reinforcement of public-private association.
67	Regional	Further the process of ASEAN integration while strengthening EU-ASEAN relations as a whole through the dialogue process.	To support the implementation of VAP and ASEAN through the TREATI and READI dialogue process.	(1) Standards & SPS; (2) Customs & Trade Facilitation; (3) Investment; (4) Capacity Building; and (5) TREATI and READI Dialogues
70	Regional	to promote the development of the private sector, with special emphasis on encouraging the growth and expansion of Small and Medium Enterprises.	To reinforce the role and the competences of Central Asian Business Intermediary Organisations, specifically with regard to their capacity to support SMEs and to influence policies in favour of micro and small scale companies, and to improve the business climate for SME, including encouraging regional economic integration.	Two grant components, one study component by implemented by OECD.

81	South Africa	a significant reduction in the number of households living below the poverty line through contributing to the Eastern Cape Provincial Growth and Development Plan (PGDP) targets for 2014 including reducing by between 60-80% the number of households living below the poverty line, halving unemployment, and eliminating gender disparities.	The creation of significant levels of sustainable employment (including self-employment) in the Eastern Cape Province, especially for previously disadvantaged individuals (PDIs).	(i) grant funds, for practice-driven demonstration of LED innovation and learning; (ii) institutional capabilities, for long term LED efficiency and sustainability; and (iii) learning and networking, to create awareness and sharing of experiences and best practices.
97	Jordan	To assist Jordan to benefit fully from the opportunities created through the liberalisation of trade and services in the context of WTO GATS and the economic integration objectives of the Euro-Mediterranean Partnership and the Association Agreement.	1. Create and reinforce initiatives designed to promote widely distributed services employment and income-generation opportunities within the Jordanian economy. 2. Assist in developing SMEs working in service industries, including through the development of banking and other financial services relevant to their needs. 3. Enhance the capacities of service industry representative associations to better serve their memberships in areas related to service sector development and upgrading. 4. Enhance the export capacity of Jordanian services providers, particularly to the EU and regional markets. 5. Identify and pursue public policy measures aimed at enhancing capacities to develop services exports. 6. Improve and modernise the regulatory framework governing the service sector in order to provide an optimal basis for services-based economic development. 7. Strengthen and increase the capacities of Jordanian public sector bodies mandated to promote service sector development, leading in particular towards increased orientation of private operators towards services export opportunities created through the process of liberalisation of trade in services. 8. Develop Jordanian	

			local consulting capacities in a manner supporting the development of key service industries.	
99	Cote d'Ivoire	<i>Contribuer au renforcement de la compétitivité de l'économie ivoirienne et de faciliter son insertion dans l'économie régionale et mondiale.</i>	<i>Soutenir le processus d'intégration de la Cote d'Ivoire et son insertion dans l'économie régionale et mondiale.</i>	<i>(1) Consortia d'Exportation; (2) Normes; (3) Laboratoires; et (4) Mise à Niveau.</i>
105	Swaziland	Facilitate regional and international trade as a means of contributing to GDP growth and poverty alleviation.	(1). Enhance capacity in Swaziland to formulate, negotiate and implement trade policies; and (2) Relieve some of supply side constraints which impact directly on the country's ability to exploit its international trading potential and in particular private sector development from an institutional perspective with the view of increasing exports and employment.	(1) Strengthening capacity in ITD and other relevant departments for trade policy formulation, negotiation and implementation, including a better participation of no-state stakeholders in the policy process; and (2) Competitiveness – market and product development capacities of producers improved.

107	Vietnam	Poverty alleviation and job creation via promotion of the private sector, in particular of Vietnamese small and medium enterprises (SMEs), and its integration into the international economy.	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.	(1) Provincial Business Environment and Horizontal Components; and (2) Business Incubator.
108	Uganda	Enhance the capacity of MTTI to fulfil its mandate and enabling the country to develop sufficient capacity to exploit the trade opportunities available under the EPA and the different regional trade agreements.	Bolster the capacity of MTTI [now MTIC] to spearhead the development of the country's trade sector and strengthen the enabling business environment for private sector development; and to increase the ability of Uganda's products to conform to international quality standards and to strengthen the enforcement of such standards.	(1) Institutional strengthening of MTIC/strengthening linkages between production and trade/domestic trade development; (2) Regulatory and institutional reforms to streamline the trading Process/improvement of the regulatory environment; (3) Effective management of the trade negotiations process; (4) Trade Facilitation/producing trade-related information and making it accessible to users; and (5) Strengthened standards environment and mechanism for implementation of SPS measures.
109	Ghana	effectiveness in contributing to improvements in the overall business environment and subsequently economic growth.	improving conditions for business including enhancing local and foreign investor confidence.	Competitive grants for advocacy.
110	Algeria	<i>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.</i>	<i>(a) Une compétitivité améliorée pour 3000 PME à travers la mise à disposition d'une assistance technique ; (b) Des services efficaces offerts aux PME par les organismes d'appui publics et privés ; (c) Un meilleur accès des PME à des financements adaptés ; et (d) Disponibilité d'un réseau national d'information.</i>	<i>(1) Appui direct aux PME; (2) Facilitation de l'accès au financement; et (3) Environnement de la PME.</i>

121	Caribbean	To support the upgrading and modernization of rum production, improvement in waste management and environmental protection, advancement of management skills, marketing and distribution of value-added rums, the creation of a Caribbean Rum Marque and the strengthening of the industry association.	Enhance long-term competitiveness of Caribbean ACP rum producers while complying with environmental standards.	Support to rum producers (TA, cost shared grants); capacity building for producers and association; TA.
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## Annex 6: Delays in the implementation of the projects

IDENTIFICATION DATA			RESULTS	
Evaluation #	Country	TITLE	DELAY/EXTENSION	REASON FOR DELAY
1	Algeria	Programme d'appui aux PME II	<u>1 or 2 years/0</u>	Delay is mentioned in the evaluation but not quantified, reasons not given
3	Bangladesh	Bangladesh South Asia Enterprise Development Facility	Not significant	Numerous staff changes, head office in India (?)
7	Barbados	Ex Post Evaluation Economic Diversification and Private Sector Development Programmes in the Windward Islands (4 evaluations, for several programmes each)	<b>several months/Up to two years</b>	-
9	Bolivia	TRADE DEVELOPMENT INVESTMENT PROMOTION PROGRAMME (PROCOIN)	<b>1year/2years</b>	Changes in gvt, gvt policy, counterpart ministry, PMU staff. Delays in approving programmes
10	Brazil	Support to the international insertion of Brazilian SME - ALA/BRA/2004/006-189	<b>2 years</b>	No particular problem, just red tape to sign the documents
13	Caribbean	"Support to the competitiveness of the rice sector in the Caribbean"	<u>Exist, but not quantified/5 months</u>	<u>Turnover of staff, reorganisation Originally 22 months, added 5</u>
14	Caribbean	9th EDF Caribbean Trade and private sector development programme (Phase 1)	<u>6months/0</u>	<u>Guarantees</u>
16	Chile	Innovation and competitiveness	<b>1year/1 year</b>	studying proposals, grants, establishing committees, elections,... earthquake
17	Chile	Proyecto Apoyo a la creación y desarrollo de Empresas Innovadoras	<b>One year/One year</b>	it was decided to use the Chilean procedures – and the EU had to study them for compliance (ii) because the coordinator could not show the proper documentation, reports were missing, the coordinator was fired

18	China	EU-China Project on the protection of Intellectual Property Rights (IPR2)	0/0	-
19	Costa Rica	Renforcement de la compétitivité/ Qualité (PROCALIDAD)	2years/6 mths	Procedures, change of TL, change of Gvt
20	Costa Rica	Renforcement des mesures sanitaires et phytosanitaires (PROMESAFI)	2 years/11mths	Project start 08/2009, implementing unit 12/2010, TA Team Leader 03/2011; then use of EU funding stopped from 05/2011 to 12/2011: procedures for use of funds through Min. Agri;Lack of knowledge of EU procurement procedures
24	Egypt	Spinning and Weaving Sector Support Programme	-	
28	El Salvador	Fortalecimiento de la Competitividad de las Micro y Pequeñas Empresas en El Salvador FOMYPE	1Year/1Year	Red tape, elections
33	Guatemala	Fortalecimiento de Guatemala en los Mercados Interacionales FOGUAMI	2 YEARS/0	Numerous staff changes in the counterpart, low understanding of EU regulations, cost-sharing by gvt
34	Haiti	Evaluation finale du Programme de Renforcement Intégré du Milieu des Affaires	No	-
37	India	EU – India Trade and Investment Development Programme	2 years/0	protracted negotiations between the Gol and the EC Delegation over a component, the Sustainability Impact Assessment
38	Indonesia	Final Evaluation of the EU-Indonesia Small Projects Facility	No	Some activity rescheduling
39	Intra-ACP	Private Sector Enabling Environment Facility - PSEEF BizClim	No	
40	Intra-ACP	Pro€invest	yes	Several delays in the implementation of activities
41	Intra-ACP	EU/ACP Microfinance Framework Programme	No	
43	Jamaica	JAMAICA PRIVATE SECTOR DEVELOPMENT PROGRAMME	slow 2 years/2years	New EDF procedures

47	Kazakhstan	Evaluation of 3 contracts under the EC-funded "Economic Development in Kazakhstan: Enhancing Economic Diversification and Competitiveness in Kazakhstan" actions, decision 2007/19246	1 Year/1 Year	
50	Lebanon	Private Sector Development programme (PSD14)	no	on one activity only - reallocated
54	Morocco	Programme d'Appui aux Entreprises	Up to 2 years/6 months	3 TL in 4 years, rules not adapted to SMES
55	Morocco	Programme d'appui aux organisations professionnelles PAAP II	no	
60	Paraguay	FOCOSEP - Proyecto de fortalecimiento de la competitividad del sector exportador paraguayo	1 Year/1 Year	Approval by Parliament No knowledge of procedures
64	Regional	AL-Invest IV	1 Year	Learning procedures/Obtaining bank Guarantees/Internal coordination
67	Regional	ASEAN Programme for Regional Integration Support	not applicable	
70	Regional	Central Asia Invest Programme	Not mentioned	
74	Intra-ACP	Projets « Appui au secteur privé africain vis-à-vis du Plan d'Action FLEGT » et « RECAP WOOD INVEST »	No	
81	South Africa	Local Economic Development Support Programme in the Eastern Cape Province	2 years	
82	South Africa	Support for Standards, Quality, Accreditation, Metrology (SQAM)	1 year/	Late start
84	Syria	Banking Sector Support Programme II (BSSPII)	<a href="#">yes</a>	<a href="#">several "wrong starts", change of team, of beneficiary</a>
87	Tajikistan	Support to Private Sector Development in Tajikistan Program (AAP 2009).	<a href="#">Apparently not</a>	<a href="#">probably biased report, too enthusiastic</a>
88	Thailand	Small Projects Facility	<a href="#">Yes</a>	<a href="#">Late signing of FA, reducing the implementation period from 4 to 3 years</a>



97	Jordan	JORDAN SERVICE MODERNISATION PROGRAMMEJSMP I	1-2 years/0	The standard EU grant guidelines could not be easily applied for direct support for-profit entities. Reorganisation of implementing agency
99	Ivory Coast	Amélioration de la compétitivité des entreprises ivoiriennes des secteurs d'exportation non traditionnels, part of PACIR Programme d'Appui au Commerce et à l'Intégration Régionale and implemented by UNIDO	2 years	Post election political crisis
105	Swaziland	Mid-Term Evaluation of the Competitiveness and Trade Support Programme, Swaziland	Significant, not quantified	"significant". Early MTR called for
107	Vietnam	Vietnam Private Sector Support Programme	Several	Delays in approving s; in developing financial and administrative guidelines; slow and uncertain approval process during start-up and delays in key activities until the delayed completion of diagnostic studies.
108	Uganda	EPA trade related and private sector development programme	No	
109	Ghana	EC-funded Danida programme: The business sector advocacy challenge fund	No	
110	Algeria	Programme d'appui aux PME I	yes	Delay unclear, but FA and objectives revised several times
120	NP	Neighbourhood Investment Facility	not applicable	
121	Caribbean	Integrated Development Programme for the Caribbean Rum Sector IDPCRS	No	

## Annex 7: Example of Logframes – Morocco and Vietnam

*Programme d'appui aux Associations Professionnelles marocaines -PAAP II  
MED/2005/017-324*

Annexe II.1

### CADRE LOGIQUE

LOGIQUE D'INTERVENTION	INDICATEURS OBJECTIVEMENT VERIFIABLES	SOURCES DE VERIFICATION	HYPOTHESES
<p><b>Objectif Global</b> Accroître la compétitivité des entreprises et renforcer leur capacité de mise à niveau à travers l'appui aux associations professionnelles (AP) dans le cadre de l'Accord d'Association.</p>	<ul style="list-style-type: none"> <li>- évolution du chiffre d'affaires des entreprises</li> <li>- évolution des résultats des entreprises</li> <li>- parts de marché des entreprises en particulier à l'exportation</li> <li>- diminution des coûts de production</li> </ul>	<ul style="list-style-type: none"> <li>- enquêtes auprès des PME</li> <li>- statistiques nationales M.C.I.</li> </ul>	<ul style="list-style-type: none"> <li>- transparence des PME</li> <li>- volonté de communiquer les informations demandées</li> <li>- disponibilité des informations auprès du MCI</li> </ul>
<p><b>Objectif spécifique</b> Le renforcement des capacités des AP notamment par un développement de notions de services, une mutualisation des actions et un renforcement des instruments de promotion et de communication.</p>	<ul style="list-style-type: none"> <li>- Nombre d'adhérents nouveaux grâce aux plans d'action des AP et aux services développés</li> <li>- Produits en provenance des services facturés</li> <li>- Autonomie financière des AP (cotisations des adhérents et recettes des services)</li> <li>- Nombre de cadres permanents dans les A.P.</li> <li>- Le budget des AP</li> </ul>	<ul style="list-style-type: none"> <li>- Catalogue des services offerts par les AP</li> <li>- Liste des adhérents</li> <li>- Nombre de cotisations payées</li> <li>- comptes annuels des AP</li> </ul>	<ul style="list-style-type: none"> <li>- Une implication des adhérents dans la conception des services</li> <li>- Une adéquation des services offerts et ceux demandés par les entreprises</li> </ul>
<p><b>Résultats attendus</b></p> <ul style="list-style-type: none"> <li>- Pérennisation des ressources d'une trentaine d'AP par la mise en place de services</li> <li>- Amélioration de la représentativité d'une quinzaine d'AP nouvelles.</li> <li>- Intégration à l'échelle internationale d'une dizaine d'AP</li> <li>- Renforcement du partenariat entre les AP marocaines et les AP Européennes</li> <li>- Information et sensibilisation des entreprises sur des thèmes spécifiques liés à l'accord d'association</li> </ul>	<ul style="list-style-type: none"> <li>- Nombre et nature des services mis en oeuvre par le projet</li> <li>- Nombre d'AP touchées par le programme</li> <li>- Nombre de projets mis en oeuvre par le projet</li> <li>- Nombre d'adhérents nouveaux dû aux plans d'action des AP et aux services développés</li> <li>- conventions de partenariats passées entre les AP marocaines et leurs homologues européennes</li> <li>- Degrés d'autonomie financière des AP grâce aux services mise en place.</li> <li>- Diminution des secteurs économiques et des régions non encore couverts par les AP.</li> <li>- Augmentation de la participation des PME à la mise à niveau</li> </ul>	<ul style="list-style-type: none"> <li>- Rapports d'activité de la CGEM</li> <li>- Rapports d'activité des AP</li> <li>- Comptes certifiés des AP</li> <li>- Listes des adhérents</li> </ul>	<ul style="list-style-type: none"> <li>- Nombre suffisant d'AP répondant aux critères d'éligibilité</li> <li>- Nombre de projets répondants aux objectifs du programme</li> <li>- Degré d'engagement des bénéficiaires</li> <li>- Capacité de cofinancement des actions de la part des AP</li> <li>- Continuité de la politique gouvernementale en faveur de la mise à niveau de l'économie et des entreprises</li> </ul>

VIETNAM	INTERVENTION LOGIC	OBJECTIVELY VERIFIABLE INDICATORS	SOURCES OF VERIFICATION	ASSUMPTIONS
<b>Overall objective</b>	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 (SMEs), and its integration into the international economy.	<ul style="list-style-type: none"> <li>▪ Improvement of economic activity and job creation, in particular at provincial level.</li> <li>▪ Reduction of disparities in the economic development of provinces</li> </ul>	National statistics PRSC review IMF reviews	
<b>Purpose</b>	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.	To be assessed at the level of intervention (provincial) <sup>57</sup> : <ul style="list-style-type: none"> <li>▪ Improved human resources from central and local authorities on best practice private sector development policies and administration;</li> <li>▪ Improved economic environment and SME growth in targeted provinces (e.g., 5 to 10 % increase);</li> <li>▪ Better public-private sector dialogue on policies conducive to sustainable SME development;</li> <li>▪ Improved partnership between European and Vietnamese enterprises, including innovative operations and transfer of know.</li> </ul>	National and Provincial business statistics Independent evaluations by SMEs and their representative associations	Continuous support of the Vietnamese Authorities on private sector development; Relevant statistics can be produced; Evaluations can be obtained from SMEs and associations
<b>Expected results</b>	1. Improved administrative and regulatory environment for SME development at Provincial level (nine provinces targeted)	The degree of coverage and in-depth implementation of Provincial Action Plans (9 provinces targeted) dealing with: <ul style="list-style-type: none"> <li>▪ Identification of local regulatory and administrative constraints hampering SME development (base line studies)</li> <li>▪ Identification of Guidelines and Best Local Regulatory Practice to promote SME development;</li> <li>▪ Consensus by public and private stakeholders to implement simpler, transparent and fairer regulation (including the related forms);</li> <li>▪ Business registration, subsequent licensing and certification procedures are simplified;</li> </ul>	Independent evaluation; MPI/DPI statistics; Local authorities "official journal"	Commitment by the provincial authorities; Improvements on the Law on corporate income tax, with equal tax rate for all enterprises; Improvement in the Land law, allowing private enterprises to transfer land user

<sup>57</sup> Objectively verifiable indicators will be refined, if needed, during the inception phase, which will define the base line.

		<ul style="list-style-type: none"> <li>▪ Provincial policy on commercial and industrial land use is clear and ensures rapid and effective provision for private sector investors; rapid issuance of certificates on land use rights and home ownership; a modern system of land registration is adopted in each targeted Province;</li> <li>▪ Taxation reporting requirements and payment procedures are simplified, transparent and fair;</li> <li>▪ Regulatory controls and tax inspections are streamlined, transparent and fair;</li> <li>▪ Reduction of the compliance costs for SMEs, (measured in time and costs);</li> <li>▪ General information about business provincial economic and enterprise development policy and related regulations is published and accessible;</li> </ul>		certificates.
	2. Improved public-private sector dialogue conducive to SME development	<ul style="list-style-type: none"> <li>▪ Number of consultative arrangements formalised for constructive government-private sector dialogue at central and provincial level;</li> <li>▪ Number of public-private workshops implemented on SME policy issues;</li> <li>▪ Number of draft SME development policy documents widely consulted with private sector before promulgation;</li> <li>▪ Number of recommendations by private sector on SME development policy are implemented;</li> </ul>	Independent evaluation;  Central Provincial authorities reporting;	Commitment by the provincial authorities;
	3. Enhanced capacity of business associations to represent private sector interests needs and increased availability of business support services for SME's at Provincial level	<ul style="list-style-type: none"> <li>▪ Number of private sector business associations providing effective advocacy services and gateways to support SME-development has increased in targeted provinces;</li> <li>▪ Fee paying membership of business associations has increased;</li> <li>▪ Number and variety of BDS providers informed of market niches at provincial level;</li> <li>▪ SMEs demand for and take-up of professional business support services has increased (e.g. 5 to 10%);</li> <li>▪ The range and quality of appropriate business support services available to SMEs has improved (e.g. 5 to 10%);</li> </ul>	Independent evaluation  Business associations reporting;  Programme TA	Improvement in the law on Business Associations issued, clarifying their role and liberalising their activities.

## Annex 8: List of Studies and Evaluations reviewed

	Partner	Study
<b>Member State sources referenced in TOR</b>		
1	GTZ	Cross-section evaluation Private Sector Development (PSD)
2	SIDA	What works for market development: A review of the evidence
3	AFD	Evaluer l'impact des instruments financiers en faveur des entreprises
4	DANIDA	Synthesis of evaluations on support to business development
5	DFID	Review of Making Markets work for the Poor (M4P) Evaluation methods and approaches
6	Netherlands - IOB	In search of focus and effectiveness: Policy review of Dutch support for private sector development 2005-2012 (extensive summary)
<b>Additional Studies</b>		
7	Austria	Evaluation - Private Sector Development
8	ADB	Private Sector Operations: Contributions to Inclusive and Environmentally Sustainable Growth
9	Japan	Donor support to private sector development in sub-Saharan Africa
10	USAID	Understanding Private Sector Value: An Assessment of How USAID Measures the Value of Its Partnerships
11	IADB	Evaluation of IDB Action Plan for PSD in C&D Countries
12	IFC	Meta evaluation of PSD interventions in agribusiness
13	IFC	Meta-Evaluation on job creation effects of private sector interventions [not yet reviewed]
14	IFAD	IFAD's private-sector development and partnership strategy
15	World Bank	SME Finance Impact Assessment Framework
16	World Bank	Evaluation of the World Bank Group Experience with Targeted Support to Small and Medium-Size Businesses, 2006–12
17	EDFI	Evaluation of EDFI support to SMEs through FIs
18	AfDB	Bank Financing to Small and Medium Enterprises in East Africa
19	IADB	A Comparative Analysis of IDB Approaches Supporting SMEs in Brazil
20	ILO	Small and medium-sized enterprises and decent and productive employment creation
21	EBRD	Business advisory services

## Annex 9: Terms of reference of the meta-evaluation

### Specific Terms of Reference

#### Capitalization assignment on EU Private Sector Development (PSD) support to third countries

CRIS reference - ADM-MULTI/2014/ 352803

FWC COM 2011 - LOT 1

#### 1. BACKGROUND

Trade and private sector development (TPSD) are widely recognized to be one of the key drivers for poverty reduction. Trade spurs growth and investment. A competitive private sector creates jobs and incomes, and generates tax revenues which allow the public sector to play its role as regulator, facilitator and provider of social services, including safety nets for the poorest.

The role of the private sector in development is emphasized in the October 2011 Commission Communication<sup>58</sup> on "Increasing the impact of EU development policy: an agenda for change", which highlights the need to develop new ways of engaging with the private sector to leverage private sector activity and resources (including through EU blending mechanisms) for achieving inclusive and sustainable growth for poverty reduction. In particular, the Communication emphasizes the need to support an enabling business environment and a competitive local private sector that is equipped to participate in globally integrated markets. This was further specified in the 2012 Communication "Trade, growth and development". Moreover, amidst preparations for a post-2015 global agenda, and at the start of the EU's multiannual financial framework for 2014 - 2020, a new Commission Communication on "A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries"<sup>59</sup> has been adopted on 13 May 2014.

The European Commission works closely with governments in developing countries to help them develop and implement policies in support of private sector development. It provides substantial grant funding across a wide range of activities, including regulatory reforms, capacity-building and the provision of business development services, with a particular focus on strengthening local micro, small and medium-sized enterprises. This mostly programme-based support is complemented by budget support and the implementation of private sector development objectives through the EU's regional blending facilities. Over the last decade, support by the Commission for private sector development has averaged €350 million per year. This, combined with development assistance and private investment from Member States, makes the EU a key player in supporting local private sector development in partner countries.

Over the years, the European Commission has launched several programmes involving private sector development in developing and emerging countries. Independent evaluations are led on these programmes at various stages of their implementation. These evaluations are necessary in order to assess the qualitative and quantitative results of the assistance and draw lessons for future projects. For the purpose of this capitalization assignment a list of around 80 existing evaluation reports is proposed in **Annex II**. It includes mid-term reviews, final evaluations, post-evaluations, as well as Results Oriented Monitoring (ROM) reports carried out for a list of pre-identified PSD projects and **programmes financed by the EU**.

Two recent evaluations were carried out on overall EU support to trade related assistance<sup>60</sup> and on EU support to private sector development. The recent evaluation on EU support for PSD between 2004

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<sup>58</sup> COM (2011) 637.

<sup>59</sup> COM (2014) 263: pdf.

<sup>60</sup> Evaluation on trade related assistance: <http://ec.europa.eu/europeaid/evaluation-eu-trade-related-assistance-thirdcountries-2013-ref-1318-main-reporten>

and 2010<sup>61</sup> identified ways of improving future programmes and strategies, which include: (i) putting more emphasis on decent job creation; (ii) mainstreaming private sector engagement across the EU's support portfolio; (iii) promoting more effectively crosscutting issues such as the Decent Work Agenda, women and youth employment, and human rights, and (iv) enhancing the operational effectiveness and impact of private sector development support by improving diagnostics and results measurement.

The main difference between these two evaluations and the planned capitalization assignment, is that these previous evaluations were carried out at the Country/global level, and did not take into account the information at project/programme level.

## 2. DESCRIPTION OF THE ASSIGNMENT

### 2.1. OVERALL OBJECTIVE

The Overall objective is to promote institutional learning within the EU external co-operation services. It will be key to promote a lesson-learning culture throughout the organisation. The assignment does not intend to meet any specific requirements from a regulation or a financial agreement, and does not reply to any request from the Court of auditors.

### 2.2. SPECIFIC OBJECTIVE

The specific objective is to provide the relevant external co-operation services of the EU with a report that will allow to improve the quality of future PSD programme and as such contribute to the progress towards achieving sustainable development and poverty reduction in the partner countries.

The current assignment intends to capitalize on the lessons obtained in the field of PSD through a number of individual evaluations that have already been carried out. The outcome of this assignment will be used for future programme design/implementation and capabilities building purposes in general. In particular, it will also inform the Trade and Private Sector Development seminars and workshops that are prepared by DEVCO C4 and delivered to EU Delegation colleagues.

Outputs expected:

- A **Meta-analysis**: assessment of the quality of around 80 individual evaluations on PSD programmes/projects, resulting in a check of the strength of evidence for the conclusions and recommendations of these individual evaluations. 30 to 35 "best" evaluations will be selected for the next phase of the assignment.
- A **Meta-evaluation synthesis**: Analysis of 30 to 35 individual evaluations in PSD sector in order to aggregate results and to identify key success and failure factors that would be applicable to future private sector development sub-sectors/actions.
- A **literature review** of existing documents (meta-evaluations of other organisations on PSD issues or specialised literature) to frame the results in a wider context.

### Target group

This capitalisation assignment should serve strategic policy decision-making as well as programme design and management purposes. DEVCO, EEAS, the EU MSs and the EU Delegations in the countries covered by this Assignment will be the main users of the report.

## 3. REQUESTED SERVICES, INCLUDING SUGGESTED METHODOLOGY

### 3.1. SCOPE

This capitalisation assignment will review and analyse the findings, conclusions and recommendations of a number of evaluations in various regions. It aims at assessing whether the EU PSD activities have been effectively geared towards achieving inclusive and sustainable growth for poverty reduction.

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<sup>61</sup> Evaluation on PSD: <http://ec.europa.eu/europeaid/node/37631en> plus annexes  
<http://ec.europa.eu/europeaid/node/37633en> <http://ec.europa.eu/europeaid/how/evaluation/evaluation-reports/2013/1317-docs-en.htm>

It will provide the Commission with a comprehensive review of its PSD portfolio, with solid recommendations to improve the design and implementation of related actions under the next Multiannual financial perspectives 2014-2020.

Furthermore, the assignment will include a comprehensive Desk phase (see section 5) with interviews by phone or videoconference to be carried out as well as an online survey reaching out for the main implementors/beneficiaries of the actions/EU staff in Delegations/evaluators, and other possible counterparts.

### 3.2. INTERVENTION LOGIC FOR PROGRAMMES

The logic of intervention of the capitalisation assignment should be proposed by the consultants.

Annex IV presents the logic of intervention to monitor PSD, Trade and Regional Integration.

### 3.3. ISSUES TO BE STUDIED / EVALUATION QUESTIONS

In order to draw robust recommendations to future private sector development programmes, this capitalisation assignment will have to be led in three parts:

- **meta-analysis:** Investigation and assessment of the quality of the evaluation methodology for this "sector" and a check of the strength of evidence for the conclusions and recommendations of each individual evaluations (around 80),
- **meta-evaluation/ Synthesis:** Summary analysis of individual evaluations in a sector in order to aggregate results and to identify generalizable factors of success and failure and to derive projects cross-recommendations. (This generalisation / assessment of transferability must be done taking into account the variations in the context as well as in the different features of the mechanism used to deliver the expected outcomes. Example of finding: PSD support, when implemented in a context characterised by features X,Y,Z, and implemented through a mechanism characterised by features X,Y,Z is likely to lead to a favourable/ unfavourable outcome). This meta-evaluation synthesis will therefore consist of an analysis of individual evaluation to 1) aggregate results, 2) identify lessons learnt (success and failure) and 3) overall recommendations in order to improve current and future design and implementation of actions in the field of PSD,
- **literature Review:** Analysis of available documents (E.g., meta-evaluations of other organizations or existing literature concerning TPSD issues) in order to put the evaluation results in a larger temporal, institutional or professional context.

This capitalisation assignment will be based on the assessment of the five (5) standard OECD/DAC evaluation criteria<sup>62</sup>, namely: **relevance, effectiveness, efficiency, sustainability** and **impact**, used to assess projects/programmes in the individual evaluation reports.

In addition, the capitalisation will assess these two (2) evaluation criteria:

- the **added value** of the Commission's interventions (project/programme), both regarding its design and implementation;
- the **coherence** of the interventions, with the EU strategy regarding private sector development and with Member States, (Coordination and complementarity of the European Union's interventions with other donors' interventions).

The review will use project/programmes evaluations, seeking to address also a number of transversal/cross-cutting questions relevant to portfolio-level choices such as poverty reduction, gender equality and capacity building of the beneficiaries (see list of related proposed questions in annex III). This assignment will analyse to what extent those issues were integrated in the programmes and draw conclusions from this analysis.

The evaluation criteria are translated into specific **evaluation questions**<sup>63</sup> that should be **decomposed in a research matrix**. These questions and the ones relating to above mentioned transversal issues to be studied are indicative; they will be discussed with the experts during the

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<sup>62</sup> Annex III presents a list of indicative evaluation questions per criteria.

<sup>63</sup> Annex III presents a list of indicative evaluation questions per criteria.



Inception Phase. However, once agreed in the Reference group the evaluation questions are contractually binding.

### 3.4. METHODOLOGY, TOOLS AND MAIN DELIVERABLES

The methodology to be used will be different from the DEVCO Evaluation methodology for projects/programmes. The methodology to be used for this capitalization assignment will be determined by the experts during the Inception phase, under the coordination of the Reference group. It will be based indicatively on a "research matrix" to be developed by the experts bearing in mind the indicative questions proposed in Annex III of this ToR for each of the evaluation criteria and crosscutting issues to be analysed. The research matrix should be based on groupings of programmes following a proposed typification (context, objectives and level of intervention (macro, meso, micro), beneficiary and approaches ...)

### 3.5. EVALUATION APPROACH AND MAIN DELIVERABLES

The capitalization process will be carried out in three phases: an Inception Phase, a Desk Phase, and a Synthesis Phase. Deliverables in the form of reports and/or slide presentations should be submitted at the end of the corresponding stages.

*Synthetic table of phases/deliverables*

<b>Phases of the evaluation:</b>	<b>Methodological Stages:</b>	<b>Deliverables</b>
Inception Phase	<ul style="list-style-type: none"> <li>- Structuring of the capitalisation assignment (Finalization of methodology, Research matrix and Evaluation questions to be included in the matrix).</li> <li>- Meta-analysis (screening all individual evaluation reports) to ensure "comparability" and robust quality of data.</li> <li>- Literature Review of meta-evaluations, and sectoral evaluations carried out by other donors and agencies.</li> </ul>	1. Inception report
Desk Phase	<ul style="list-style-type: none"> <li>- Data Collection, and filling out the matrix with information from individual evaluations (Indicatively carry out on line surveys, telephone and videoconferences with relevant actors if information is missing) as well as programme/project documents.</li> </ul>	2. Desk Report
Meta-evaluation Synthesis phase	<ul style="list-style-type: none"> <li>- Synthesis analysis: Preliminary findings and key lessons verification of conclusions and Recommendations (Literature Review outcomes need to be taken into account).</li> <li>- Drafting and Finalisation of the report.</li> </ul>	3. Presentation of preliminary findings, lessons learned and recommendations. 4. Final report

It should be noted that the phases are included on an indicative basis, and may be subject to variation for methodological or practical reasons.

### 3.6. MANAGEMENT AND STEERING OF THE EVALUATION

The evaluation is managed by DEVCO Unit C4 with the assistance of an informal Reference group consisting of members of DEVCO under the coordination of Gabin Hamann and Maria Campo Perfecto who oversee the evaluation on behalf of the Commission.

The reference group member's main functions are:

- To facilitate contacts between the evaluation team and the EU services and external stakeholders.

- To ensure that the evaluation team has access to and has consulted all relevant information sources and documents related to the project/programme.
- To define and validate the research matrix, and evaluation questions.
- To discuss and comment on notes and reports delivered by the evaluation team. Comments by individual group members are compiled into a single document by the evaluation manager and subsequently transmitted to the evaluation team.
- To assist in feedback of the findings, conclusions, lessons and recommendations from the evaluation.

### 3.7. REQUIRED OUTPUTS

The evaluation team will submit the following reports:

	<b>Main Content</b>	<b>Timing for submission</b> <i>(please refer to section 8 for a timetable)</i>
<b>Inception report</b>	<ul style="list-style-type: none"> <li>- Final list of individual evaluations to consider as sample for the capitalization assignment. (<b>Meta-analysis</b> outcome).</li> <li>- Research matrix with typification of programmes, evaluation questions, Judgement criteria and Indicators.</li> <li>- Encountered and anticipated difficulties.</li> <li>- Detailed evaluation approach and workplan.</li> </ul>	End of Inception phase
<b>Desk report</b>	<ul style="list-style-type: none"> <li>- Preliminary answer to each evaluation questions within the research matrix stating the information already gathered and their limitations.</li> <li>- Issues still to be covered and the assumptions to be tested.</li> <li>- Full description of the methodology used to answer the questions.</li> </ul>	End of the desk phase
<b>Final report</b>	<ul style="list-style-type: none"> <li>- Answer to the evaluation questions and Synthesis of all findings, conclusions and recommendations into an overall assessment</li> </ul>	End of Synthesis phase

All reports will be in English using Font Arial or Times New Roman minimum 11 and 12 respectively, single spacing. Each report will be submitted first in electronic version as a draft.

For each report/output, the Evaluation manager will submit comments within 21 calendar days. The revised reports/outputs incorporating comments received from the concerned parties shall be submitted within 10 calendar days from the date of receipt of the comments. The evaluation team should provide a separate document explaining how and where comments have been integrated or the reason for non-integration of certain comments.

The Final Report (final version) will be provided in 10 paper copies and in electronic version. The executive summary might be translated into French and Spanish.

## 4. EXPERTS PROFILE OR EXPERTISE

### 4.1. NUMBER OF REQUESTED EXPERTS PER CATEGORY AND NUMBER OF MAN-DAYS PER EXPERT

**Expert 1:** Team leader: Senior thematic expert (more than 10 years professional experience) - 85 man/days

**Expert 2:** Research expert, senior thematic expert (more than 10 years experience) – 65 man/days

### 4.2. PROFILE OR EXPERTISE REQUIRED (EDUCATION, EXPERIENCE, REFERENCES AND CATEGORY AS APPROPRIATE)

**Expert 1:** Senior thematic expert with:

- Economic, or social science master or equivalent degree).
- Extensive knowledge and experience (minimum 10 years) in individual project evaluations as well as meta-evaluations (at least one proven experience) in the field of Private Sector Development and in development cooperation in general.
- Team leader's managerial skills (organisation, coordination, dialogue with the client, etc. management of meta-evaluations.).

**Expert 2:** Senior thematic expert providing support to the senior expert team leader, with

- Economic, or social science master or equivalent degree).
- Extensive experience in evaluations in the field of Private sector development and in development cooperation formulation and management.

**Both:**

- Good knowledge and experience of issues and institutions linked to international development organizations.
- Work experience in developing countries.
- Evaluation skills and particularly the ability to formulate judgements, to draw up conclusions and recommendations and to draft synthesis reports.
- Excellent writing and editing skills.

The team comprised should have experience in all the main PSD pillars.

#### 4.3. WORKING LANGUAGE(S)

The working language will be English, but the team should include knowledge of French and Spanish.

#### 4.4. TECHNICAL OFFER

The offer will be written in English, (font Times New Roman 12 or Arial 11), single spaces. The offers evaluation criteria are:

Criteria	Maximum
<b>Total score for Organisation and methodology</b>	
Understanding of ToR and the aim of the services to be provided. Overall methodological approach	15
Quality control approach and backstopping	15
Organization of tasks including timetable	10
<b>Sub Total</b>	<b>40</b>
<b>Experts/ Expertise:</b>	
Team leader Expert 1	40
Other expert Expert 2	20
<b>Sub Total</b>	<b>60</b>
<b>Overall total score</b>	<b>100</b>

### 5. LOCATION AND DURATION

#### 5.1. STARTING PERIOD

Expected January 2015

#### 5.2. FORESEEN FINISHING PERIOD OR DURATION

8 months (240 calendar days) maximum duration of full assignment. 150 man-days expected.

#### 5.3. INDICATIVE PLANNING AND TIME TABLE

Provisional start of the assignment: as soon as possible after the selection of the evaluation team and no later than 7<sup>th</sup> January 2015.

Maximum duration of the assignment: 240 calendar days (8 months).

**Work Plan :**

**Example to be adapted, simplified, or even deleted if not considered as necessary.**

Activity	Location	Indicative Duration	Indicative Dates
<b>Inception phase</b>			
- Briefing Session	Brussels	2 day (x2 experts)	7 January 2015
- Preparation & submission of the inception report	Home-based	40 man-days	
- RG Meeting	Brussels	2 day (x2 experts)	10 March 2015
<b>Desk Phase</b>			
- Preparation & submission of Desk Report	Home-based	50 man-days	30 April 2015
- RG Meeting	Brussels	2 day (x2 experts)	
<b>Synthesis Phase</b>			
- Drafting provisional final report		40 man-days	
- RG meeting - Presentation of the report	Brussels	1 day (x2 experts)	
- Finalisation of the report		6 man-days	
- Submission of the final report			30 June 2015
<b>TOTAL (maximum)</b>		<b>150 man-days</b>	

**5.4. LOCATION(S) OF ASSIGNMENT**

Home based and Brussels, see above planning.

**6. REPORTING**

**6.1. CONTENTS, LANGUAGE**

See Section 2, Description of the assignment, expected outputs, and 3.7 Required outputs.

**6.2. SUBMISSION/COMMENTS TIMING**

See section 2, Description of assignment, expected outputs, and 3.7 Required outputs. Agreement with the Reference group on the timing to submit comments will be decided in inception phase.

**6.3. NUMBER OF REPORT(S) COPIES**

See section 2, Description of assignment, expected outputs, and 3.7 Required outputs.

**7. ADMINISTRATIVE INFORMATION**

**7.1. INTERVIEWS**

Interviews if necessary will be carried out with the proposed team leaders. Indicatively five (5) calendar days after the day of submission of the offers. Prior information will be given two days in advance to the Framework contractors to make the necessary arrangements with the experts.

**7.2. OTHER AUTHORIZED ITEMS TO FORESEE UNDER 'REIMBURSABLE'**

Provisional reimbursable indicative and maximum quantities:

International travels: 8 outbound

Per diems Europe: 14

The offer will include local travel as needed (e.g. "on the basis of 3 site visits from the capital to XX, YY and ZZ" or "on the basis of 3 days of car rental for projects visits").

**7.3. TAX ARRANGEMENTS**

The Framework contractors are invited to obtain information from the Contracting authority concerning reimbursement procedures or possible exemption from VAT.

#### **7.4. OTHERS**

##### **Conflict of interest:**

The contractor should identify and inform the Contracting Authority as soon as possible of the possible conflicts of interest that could arise from the direct involvement of the contracting company or the team members in the planning, design or implementation of any of the individual evaluations/actions (programme/projects) included in the annex II

#### **8. ANNEXES**

##### **8.1. ANNEX I: INFORMATION THAT WILL BE PROVIDED TO THE EVALUATION TEAM**

Indicative list to be adapted / expanded where appropriate:

- New Commission Communication on "A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries"<sup>64</sup> May 2014
- Guidelines on Trade and Private Sector Policy and Development Support programmes financed by EU external assistance – Tools and Methods Series – Reference Document N° 10 (November 2010).
- Guidelines for EC support to microfinance 2008.
- Evaluation of the European Union's Support to Private Sector Development in Third Countries over the period 2004-2010.
- Thematic guidance note on Principles for engaging with private sector was produced in 2012, taking into account the changed private sector policy of the Agenda for Change.
- Agenda for change.
- List of all existing evaluation reports available on PSD programmes.
- Literature review, non-exhaustive list of meta-evaluations from donor agencies:
  - "Cross-section evaluation of independent evaluations in 2007 in the thematic priority area Private Sector Development (PSD)" – carried out by GTZ.
  - "What works for market development: A review of the evidence" – Sida.
  - "Evaluer l'impact des instruments financiers en faveur des entreprises" – carried out by AfD.
  - "Synthesis of evaluations on support to business development" – Ministry of Foreign affairs of Denmark Danida.
  - "Review of Making Markets work for the Poor (M4P) Evaluation methods and approaches" - Report of a review commissioned by the UK department for International Development (DFID).
  - "In search of focus and effectiveness Policy review of Dutch support for private sector development 2005-2012 (extensive summary)" – IOE Evaluation Ministry of FA of the Netherlands.
  - Others

Note: The evaluation team has to identify and obtain any other document worth analysing, through its interviews with people who are or have been involved in the design, management and supervision of the project / programme. Resource persons to collect information and data are to be sought in the EC services, implementing body and / or public service in the partner country if needed.

##### **8.2. ANNEX II: PRELIMINARY LIST OF EXISTING EVALUATION REPORTS**

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<sup>64</sup> COM (2014)263.

The list of around 80 individual evaluations on PSD programmes/projects has the following main coverage to be used on this capitalization assignment:

- A list of pre-identified past Commission actions and interventions on private sector development (PSD) that have been assessed or evaluated by June 2014;
- Overall it should cover all types of implementing modalities, and specific projects/programmes supporting PSD as a main or indirect purpose (mainstreaming of PSD aspects into two sectors is foreseen);
- All the instruments of external aid of the EU will be considered under this assignment;
- The capitalization assignment/meta-evaluation should be forward looking, providing lessons and recommendations for the continued/future support to PSD.

The focus of actions/programmes evaluated are centred around the following expected results/sub-sectors:

- Enhanced enabling business environment;
- Increased productive capacity of MSMEs in formal and informal markets;
- Improved access to diversified financial services;
- Enhanced engagement of the private sector in sustainable agriculture and agribusiness and in green sectors;
- Increased market access by compliance with international standards and technical regulations.

### **8.3. ANNEX III: PRELIMINARY LIST OF POSSIBLE EVALUATION QUESTIONS**

#### **1) Meta- analysis phase:**

In view of this capitalization/meta-evaluation assignment, a first phase will focus on analysing the methodological quality based on the strength of the evaluation results (conclusions and recommendations) of the selected individual independent evaluations and PFKs of private sector development projects. Tentative questions proposed:

- To what extent are impact models used in the evaluations as a basis for the analysis?
- To what extent are the levels of outcomes/impact comparable? (Are the projects taking into account the entire sector or only partial aspects?)
- To what extent have PSD projects and their evaluations evolved over time?
- To what extent have evaluations delivered reliable quantitative results and analyses?
- To what extent were high-quality indicators (SMART criteria) analysed and/or collected in the evaluations data?
- To what extent are the evaluation results based on reliable secondary data (E.g. on monitoring systems of projects and/or partners)?
- To what extent are the evaluation results based on primary data, in the context of the field phases of the evaluations carried out?
- Was the methodological approach presented in a transparent manner?
- Were the designs and data collection adequately tailored to the subject of the investigation?
- Were comparison groups and before-after comparisons taken into account?
- To what extent are the reviews of the success of the projects verifiable in a comprehensible and objective manner in accordance with the OECD-DAC evaluation criteria? Accordingly, was the evaluation carried out uniformly according to the DAC criteria?
- To what extent are the reviews of the projects' success in relation with the OECD-DAC evaluation criteria and the donors grading system comprehensibly and objectively verifiable?
- To what extent should some individual evaluations be excluded from the synthesis, because their results are not sufficiently resilient? If yes, which evaluations are concerned?

- Which recommendations are made regarding the ROM system with regard to Private Sector Development programmes?

## 2) Meta-evaluation Synthesis phase, including inputs from Literature review:

With regard to the synthesis, the individual evaluations that are considered of sufficient quality will be analysed with regard to the following aspects, that will be included as part of the research matrix, in the methodology to be proposed:

- How is the success of the evaluated private sector development programmes with regard to the OECD-DAC evaluation criteria (relevance, effectiveness, impact, effectiveness, sustainability) represented as a whole? What conclusions can be drawn in regard to the evaluation criteria used for private sector development programmes?

Examples of questions on the 5 OECD/DAC criteria can be found in the Methodological Guidelines for Evaluations at Country level:

[http://ec.europa.eu/europeaid/evaluation/methodology/methods/mth\\_ges\\_dcl\\_cst\\_en.htm](http://ec.europa.eu/europeaid/evaluation/methodology/methods/mth_ges_dcl_cst_en.htm)

For Evaluations on a sector or thematic global evaluation:

[http://ec.europa.eu/europeaid/evaluation/methodology/methods/mth\\_ges\\_dcl\\_gsc\\_en.htm](http://ec.europa.eu/europeaid/evaluation/methodology/methods/mth_ges_dcl_gsc_en.htm)

- Can generalizable and manageable factors of success and failure be derived from the evaluations?
- Are there any examples of particularly good or bad management practices that are relevant for the planning, design, formulation and implementation of private sector development projects?
- Can generalizable sectoral or professional factors of success and failure be derived from the evaluations?
- Is there any evidence of how the mix of instruments affects the sustainability of the project results? Can positive examples of instruments mix be derived?
- To what extent do subsidies distort market competition and how can this be best mitigated? - Poverty reduction section: would be good to use employment creation as a key element of poverty reduction
- Are there any examples of particularly promising methodological approaches that are relevant for the planning and implementation of private sector development programmes?
- What statements can be made based on the evaluation results on the following overarching questions:
  - Alignment: Are the measures consistent with international and national targets and strategies in terms of private sector support (E.g. MDG2, industrial and SME support policies)?
  - Systemic relevance: what are the contributions of the measures taken in view of strengthening the private sector?
- Can the results constellations be plausibly proved? And in particular 1) are there lessons learned and methodological recommendations that can be established to register the direct/indirect results of private sector development projects and programmes, also bearing in mind the different intervention levels? 2) Via which results channels (e.g. employment, taxes/subsidies, access to services, property and societal power positions) were poverty-related and gender-related intended/unintended results achieved? 3) Which 'core indicators' are suitable for general use (e.g. in the form of an 'indicator database')?
- What overarching recommendations can be made to the European Commission from the evaluation results regarding planning and implementation, as well as result-oriented monitoring (ROM) of private sector development projects (with regard to the use of TZ instruments and approaches such as professionals, HCD, financing, consulting, real assets and with regard to the future integrated programming/instruments mix.

- What recommendations can be derived for future planning using an impact model/matrix?
- To what extent cross-cutting issues (E.g. equal opportunities, gender of equality, good governance, poverty alleviation) have been taken into account in the evaluations? What conclusions can be drawn from the analysis of the cross-cutting issues in the area of private sector development? Indicative list of evaluation questions on cross-cutting issues.

#### **Poverty reduction and MDGs**

- Was the project design differentiated according to target groups, and was a poverty analysis performed?
- In how many development measures is/was 'adequate' poverty impact achieved?
- Did the project promote the participation of poor people in economic and political processes?
- Does the project help to remedy structural problems identified by the national poverty reduction strategy?
- Were questions of equitable distribution (e.g. access to land?) addressed, and if so, how? (Was not part of the ToR))
- What is the ratio of direct to indirect results?
- What are the reasons for achieving and not achieving poverty impact?
- Can 'patterns' be identified, i.e. factors of success and failure?
- To what extent has the EC integrated Poverty reduction and MDGs into the design and implementation of its interventions?

#### **Gender equality**

- What is the distribution of gender equality markers for the programmes?
- Was the project design gender-differentiated and was a gender analysis (gender-based analysis of the initial situation) available? Was the description of the target group gender-differentiated?)
- How many programmes achieve(d) 'adequate' gender-related results?
- Do men and women make an equal contribution to shaping the project?
- Do men and women derive equal benefit from the project?
- Does the project/programme help to reduce structural gender discrimination and thus to achieve a positive change in the gender ratio?
- Was one gender discriminated against, or was this made up for by positive measures?
- What is the ratio of direct to indirect results?
- What are the reasons for achieving or not achieving gender-related results?
- Can 'patterns' be identified, i.e. factors of success or failure?
- To what extent has the EC integrated Gender equality into the design and implementation of its interventions?
- Conclusions (also in terms of how gender-differentiated aspects can be integrated into private sector development measures

#### **Environmental sustainability**

- What is the distribution of rio markers for the programmes?
- how the projects are addressing environment and climate issues for instance in promoting specific tools such as environmental assessments and/or in promoting sustainable production practices that would apply to a specific supply chains

#### **Consequences for the target's group capacity to act (capacity development)**



- In how many project/programmes are/were (very) good/satisfactory/inadequate successes achieved in terms of capacity development, and on which levels (individual, institutional, societal)?
- Did the advisory services have an effect on the partner's capacity to act?
- Did it prove possible for project approaches to be successfully multiplied or adapted by the partner structures?
- Did the project/programmes have an effect on the design of national policies and laws, and the stakeholders' ability to shape such policies and laws? And on interaction between the state, the private sector and civil society?
- What are the reasons for successful/unsuccessful capacity development?
- Can 'patterns' be identified, i.e. factors of success or failure?

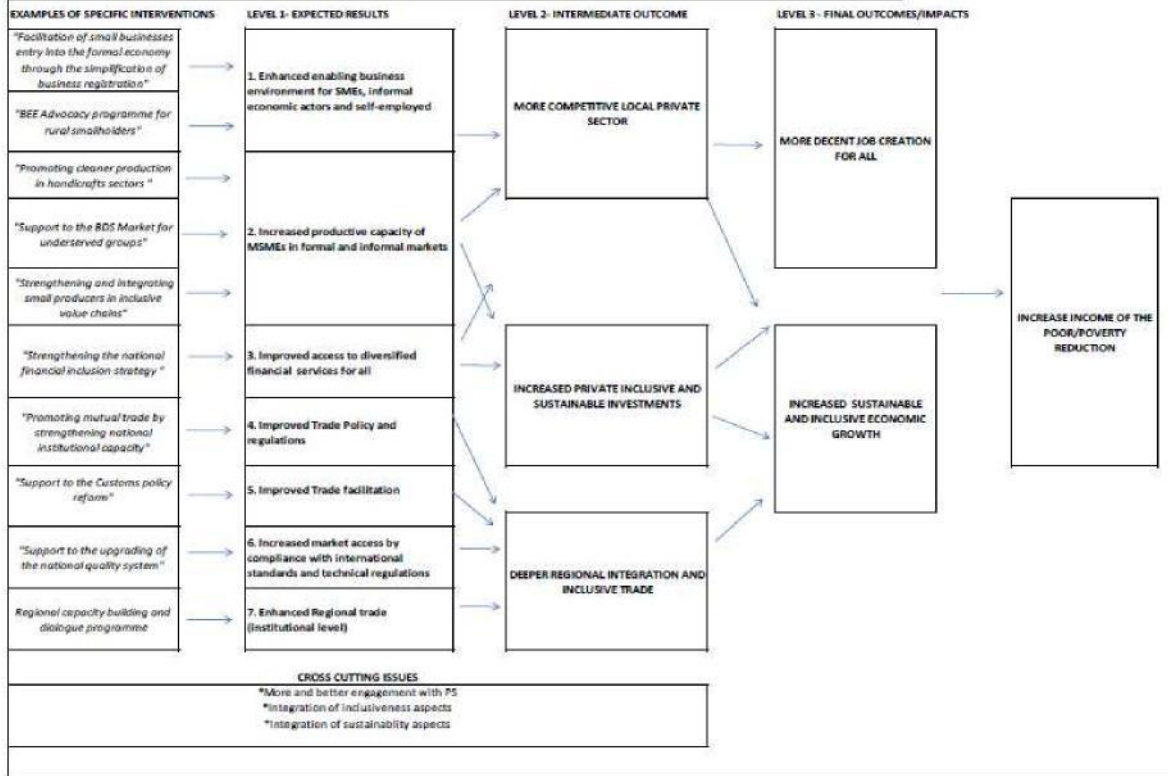
#### **Conceptual approach/methodological procedures**

- To what extent and how frequently did/do the programmes reflect following approaches:
  - Holistic approach: linkage of economic, social and ecological target dimensions; of sectoral, organisational and policy advice; of the micro, meso and macro levels
  - Process-oriented approach: help for self-help; establishing transparency of actors' interests; promoting interaction between the state, civil society and the private sector
  - Value-oriented approach: promoting democracy, the rule of law, human rights; gender equality; good governance; social and ecological market economy
- Are there recurring strengths and weaknesses in the private sector development approaches?
- Can trends be established in the course of time in terms of design and advisory approaches?
- Examining the multi-level approach: to what extent does the interplay of interventions function at micro, meso and macro level? Can correlations be established between the intervention level on the one hand and the (achieved) direct results on the other?
- What were/are the success factors for the private sector development approach? To what extent was the gender-sensitive design of the projects/programmes a success factor?
- What role/which functions has the private sector (private companies, business organisations) assumed in the project/programme? Which forms of cooperation were especially successful?
- The core element of private sector development is cooperation with private and state actors and support for the dialogue between governmental and private stakeholders. Are state actors assuming a greater role in implementing economic development strategies, and is business promotion being increasingly integrated into state programmes (in the context of the aid effectiveness agenda)?

#### **8.4. ANNEX IV:**

See below the logic of intervention proposed in relation to "Sector Indicator Guidance for Programming" ANNEX 6: MONITORING SYSTEM FOR PRIVATE SECTOR DEVELOPMENT, TRADE AND REGIONAL INTEGRATION (page 82). It is also copied here for ease of reference:

## Annex 6 – Monitoring System for Private Sector Development, Trade and Regional Integration



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