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ANNEXES – Annexes can be found in a separate document

ABBREVIATIONS AND ACRONYMS

| | |
|---------|--|
| AA | Association agreement |
| AAP | Annual Action Programme |
| AD/AF | Action Document/Action Fiche |
| ADS | Armenian Development Strategy |
| ANDPME | National Agency for SME Development |
| BAS | Business Advisory Services |
| BiH | Bosnia and Herzegovina |
| BINOVA | Business Innovation and Investment Support in the Una Sana Canton |
| BMZ | German Federal Ministry for Economic Cooperation and Development |
| BSO | Business Support Organisation |
| BSP | Budget support programme |
| CBM | Confidence Building Measures |
| CEFTA | Central European Free Trade Area |
| CEN | European Committee for Standardization |
| CERD | Regional Centre for Economic and Rural Development |
| CFCF | Central Finance and Contracting Department |
| CFCU | Central Finance and Contracting Unit |
| CIP | Competitiveness and Innovation Framework Programme |
| CoC | Chamber of Commerce |
| COSME | EU programme for the Competitiveness of Small and Medium-sized Enterprises |
| CSP | Country (indicative) Strategy Paper |
| DAS | Development Agency of Serbia |
| DCFTA | Deep and Comprehensive Free Trade Area |
| DEVCO | DG International Cooperation and Development |
| DG GROW | Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs |
| DG NEAR | Directorate-General for Neighbourhood and Enlargement Negotiations |
| DoA | Description of the Action |
| DPG | Development Partners Group |
| EaP | Eastern Partnership |
| EBRD | European Bank for Reconstruction and Development |
| EEN | Enterprise Europe Network |
| EFSE | European Fund for South-East Europe |
| EFTA | European Free Trade Association |
| EGP | Enterprise Growth Programme |
| EIB | European Investment Bank |
| EIF | European Investment Fund |
| EIF | Enterprise Incubator Foundation (Armenia) |
| ENEF | Enterprise Expansion Fund |
| ENI | European Neighbourhood Instrument |
| ENIF | Enterprise Innovation Fund |
| ENP | European Neighbourhood Policy |
| ENPI | European Neighbourhood Policy Instrument |
| EQ | Evaluation Questions |
| ERRADA | Egyptian Regulatory Reform and Development Activity |
| ESRA | Economic Stimulation of Rural Areas in Moldova |
| EU | European Union |
| EUD | European Union Delegation |
| FDI | Foreign Direct Investment |
| FEMIP | Facility for Euro-Mediterranean Investment and Partnership |
| FEZ | Free Economic Zones |
| FP7 | Seventh Framework Programme for Research and Technological Development |
| GGF | Green for Growth Fund |
| GGF TAF | Green for Growth Fund Technical Assistance Facility |
| GiZ | Gesellschaft für Internationale Zusammenarbeit |
| GoIEC | General Organisation for Exports and Imports Control |
| H2020 | The EU Framework Programme for Research and Innovation |
| HQ | Headquarters |
| IFC | International Finance Corporation |
| IFI | International Financing Institution |
| IISP | Integrated Innovation Support Programme |
| IPA | Instrument for Pre-Accession |

| | |
|---------|--|
| IPO | Intellectual Property Office |
| IPR | Intellectual Property Rights |
| IR | Inception Report |
| IRP | Interregional Programme (ENI) |
| ISCED | International Standard Classification of Education |
| ISG | Inter-Service Steering Group |
| ISP | Indicative Strategy Paper |
| KfW | Kreditanstalt für Wiederaufbau |
| LFM | Log-frame Matrix |
| MB | Multi-Beneficiary |
| MIPD | Multi-annual Indicative Planning Document |
| MSME | Micro, Small and Medium-sized Enterprise |
| MS | Member State |
| NAD | Needs of the Republic of Serbia for International Assistance 2011-2013 |
| NARD | National Agency for Regional Development |
| NDS | National Development Strategy |
| NGCI | Next Generation Competitiveness Initiative |
| NGO | Non-Governmental Organisation |
| NIF | Neighbourhood Investment Facility |
| ODA | Official Development Assistance |
| OECD | Organisation for Economic Development |
| OP | Operational Programme |
| OVI | Objectively Verifiable Indicator |
| PAR | Public Administration Reform |
| PF | Project Fiche |
| PNMàN | Programme National de Mise à Niveau (National Development Programme) |
| PRDP | Pilot regional development project |
| PSD | Private Sector Development |
| R&D | Research and Development |
| RCOP | Regional Competitiveness Operational Programme |
| RDA | Regional Development Agency |
| RDS | Regional Development Strategy |
| REEPWB | Regional Energy Efficiency Programme for the Western Balkans |
| ROM | Results Oriented Monitoring |
| RSEDP | Regional Socio-economic Development Programme |
| SASME | Support to Agriculture SMEs |
| SBA | Small Business Act |
| SBS | Small Business Support Programme |
| SEECCEL | South East European Centre for Entrepreneurial Learning |
| SIDA | Swedish International Development Agency |
| SIEPA | Serbia Investment and Export Promotion Agency |
| SIGMA | Support for Improvement in Governance and Management |
| SME | Small and Medium Sized Enterprise |
| SPD | Sector Programming Document |
| SSF | Single Support Framework |
| TAIB | Transition Assistance and Institution Building |
| TAIEX | Technical Assistance and Information Exchange |
| TAM | Turn around management |
| TDMEP | Trade & Domestic Market Enhancement Programme |
| TNA | Training Needs Assessment |
| ToR | Terms of Reference |
| UfM | Union for the Mediterranean |
| WB | World Bank |
| WB EDIF | Western Balkans Enterprise Development and Innovation Fund |
| WeBSEFF | Western Balkans Sustainable Energy Finance Facility |
| WEP | Women Entrepreneurship Platform |

EXECUTIVE SUMMARY

1. Evaluation findings

PSD/Competitiveness programmes in three regions and eleven countries have been subjected to evaluation. The findings are divided over 30 judgment criteria formulated for a total of 20 evaluation questions. It is important to note that the intensity of the evaluation has varied over countries. In each of the ENI Regions, two countries were selected for in-depth evaluation; in these countries, four to five sample projects were taken into consideration. For the IPA region, the approach was slightly different: all country programmes were scrutinised, but individual projects were sampled in only two countries.

1.1 Relevance

1.1.1 Findings

EU programmes and interventions in the PSD/Competitiveness sector are reasonably in line with the needs of the countries, whether expressed formally in strategies or indicated less formally by other sources. Throughout the years, there has been consistency in terms of programme objectives, at both the regional and the national levels.

There is a steady evolution in the quality of project designs, showing a steep learning curve on the part of the programmers.

Regional projects tend to be less explicit in their results and objectives than the national ones. They appear to reflect more the policy needs of the Commission than the (explicit) needs expressed by the countries in the region. What is lacking is a clear distinction of needs to be tackled through country programmes, and which ones through the multi-country programme.

No concrete evidence exists about the frequency and format of information exchange between programmers at Commission HQ and EUDs. National and regional projects do not negatively affect each other. Concrete, out-right examples of overlaps/doublings were not found. A problem often mentioned in the field is that implementers of regional projects are foot-loose, not attached to any of the countries in the region. Their contributions are therefore perceived to have more of an academic than a practical nature.

There is a strong need for better communication and exchange of information between regional and national programmers within the EC services.

1.1.2 Main conclusions

Relevance of EU assistance is high in general terms when measured against relevant national priorities and needs. This statement is particularly true when it comes to the individual countries' national programmes, whereas the EU's regional assistance seems to be reflecting the wider priorities of the EU rather than the individual needs of countries.

While consultation mechanisms are exercised with the countries affected by regional (multi-country) programming, this is still, however, predominantly dealt with at a Commission level. Country needs are addressed in EU regional programmes and interventions although it seems that at times these needs are perceived better at the Commission HQ than in country strategies.

Some of the designed regional interventions enjoy limited support from the beneficiaries at the national level. This statement implies that ownership is at stake.

There is a clear positive evolution in the quality of project designs at all levels, in all regions, indicating continuous (and effective) work within the Commission Services to iron out weaknesses. The formulation of measurable indicators (and eventually the establishment of adequate systems for their monitoring) is historically a point of concern. As opposed to earlier years, programming under the 2014-2020 financial perspective has strongly gained in quality in this respect.

1.2 Efficiency

1.2.1 Findings

Overall, in all countries, in all regions, the evaluators are satisfied with the efficiency of project implementation. Where problems occurred, the contractor and the beneficiary were capable to jointly find solutions.

There is scarce evidence of inter-project exchanges; project teams had difficulty recognising policy objectives that are not directly connected with the project they are implementing. Hence they invest insufficient time and effort in cross-fertilising and mutually leveraging project activities, results and effects. The same applies to interactions among project or programme beneficiaries. More effort is needed to fine-tune multi-beneficiary projects with those under national programmes.

Regional, inter-regional (ENI) and national programmes rarely exhibit synergies, at least as far as mutual leveraging effects are concerned. The best element of regional programmes consists in its financial instruments. Thanks to the scale of operations, they manage to attract the necessary public and private capital to finance large investments, and are among those showing the most efficient approaches.

1.2.2 Main conclusions

Experts working in individual projects use their own judgment regarding the need to communicate and coordinate with other projects, whether financed by the EU or by other donors. The occurrence of such cooperation is not of high quality and shows some deficiencies. Although the current practice seems reasonably sufficient, there is room for measures to improve synergies potentially offered by complementarity.

Not any evidence was found regarding interactions and/or capitalisation on synergies among project or programme beneficiaries. The main issue is the compartmentalisation of public institutions, externally and even internally. This situation is especially extant in the two ENI regions; IPA countries have benefited from more intensive institution and capacity building support and are well underway to solve this problem.

The PSD/Competitiveness sector as defined by the Commission combines actions in the field of approximation, public administration reform, legislative adaptation, foreign trade, DCFTA, business environment, and in the view of the beneficiaries, this disparate set of sub-sectors is difficult to capture under one overarching PSD/Competitiveness sector. Rather, beneficiaries prefer to perceive PSD/Competitiveness as all actions directly benefitting the business sector.

Given the great needs in the countries, the EU programmes per definition cannot be adequate to achieve all strategic objectives. It was found that – in particular in the ENI East and the IPA region – programming as of 2014 is much more realistic in this respect.

Indicators included in older programmes (2010-2013) in most cases lacked the “smartness” to allow for appropriate monitoring. Apart from the ROM system, which can only address part of the interventions, no other national or regional monitoring systems were found for that period, not even at the EUDs. Measures have been taken and reportedly, better indicators for tracking SME/Competitiveness performance at country level were developed. Still, no locally-based monitoring systems were encountered, which may or may not be attributed to the fact that evaluators happened to overlook any documents and interviewees able to report on this.

1.3 Effectiveness

1.3.3 Findings

Information obtained from the surveys shows that positive results related to the business environment are achieved, brought about by interventions by the EU as well as other donors. The study of national-level sample projects confirms this. Regional projects also seem to have been moderately successful but fail to report on the details of these successes.

In relation to the overall needs in the regions, the budgets of regional projects (not counting the blending instruments) are relatively small and thus their attractiveness in terms of direct benefits is generally perceived as low by local stakeholders.

Although arguably all sample projects in the IPA region in one way or another affect the countries' developments towards EU membership, the majority of them do not have this as an explicit objective. Only IPR projects and a project on e-business have a direct relationship with the acquis, and they are successful.

1.3.2 Main conclusions

PSD/Competitiveness programmes within the three instruments are largely effective, although the active support to interventions given by the national authorities is still inadequate. The EU can do only so much to resolve the vast sector shortcomings in the three regions.

Despite the vast amounts spent on improved access to finance, the reporting by IFIs in publicly available documents is – with one or two exceptions – insufficient to measure wider results and impact, which undermines the justification for continued financing of these operations.

Of all relevant aspects of the business environment, the programmes show positive outcomes for entrepreneurial learning opportunities, regulatory and institutional framework for SME policy making, availability of support services for SMEs. Innovation support to SMEs is also a successful sub-area but the number and size of projects is rather small to bring about wider impact.

At the level of instruments, neither ENI East nor ENI South explicitly or implicitly address the aspect of the green economy. IPA does slightly better. This was to be expected for the 2010-2013 programming years, but the lack of this aspect in 2014 and 2015 projects is a concern.

It would appear that the EU is (too) lenient in enforcing conditions related to beneficiary country involvement. The good practice of budget support programmes, where beneficiary contributions and mandatory results are described in detail in a performance matrix, could also be deployed in other delivery methods. It happens too often that results are not fully achieved because beneficiary countries do not, or cannot, live up to expectations.

1.4 Impact

1.4.1 Findings

In general, projects tend to deliver, in physical terms, what they promise. It is difficult to measure how these deliverables contribute to a better business environment. Many of the sample projects that are either completed or well underway fail to provide hard facts on achievements.

Where results are generated, their sustainability is often uncertain due to lack of dedicated follow-up on the part of beneficiaries. The latter has several causes, of which institutional/Human Resources weaknesses and/or lack of financial sustainability beyond the period of external funding emerge as the most frequent.

Only two types of projects have the potential to truly change business performance: the ones that provide dedicated business advice (such as BAS, EGP) and those that provide business finance. They have the advantage that they allow for measuring of indicators of business performance over time, since the project implementer has a relatively long-term professional relationship with each company assisted.

Although some projects provide clear data on improvement of MSME performance, the causal linkage between project activities and MSME performance are less obvious. Most other projects only provide some vague, partial and/or physical realisation-related indicators, which do not allow assessing performance in relation to impacts generated. The evaluators were informed that there are efforts underway to respond to these challenges.

The SME Survey has delivered evidence that the positive impact of EU support correlates with the size of the firm; the smaller the respondent, the less positive effects are reported. The same survey indicates that EU (financial) assistance does not play a decisive role in boosting environmentally friendly technologies and products. It may be wise to more explicitly include these topics in concrete projects, and develop a system of monitoring and reporting that meets the requirements of the Commission.

Gender equality features as a standard paragraph in the project fiches but no data can be retrieved concerning real implementation. Projects are gender neutral and no relevant gender-related concerns are reported.

1.4.4 Main conclusions

Numbers of SMEs that have concretely benefited from direct, non-financial support are hard to come by. Importantly, the majority of projects in parallel focused on the development of systems and structures for service provision to SMEs, which potentially would lead to impact. Expected results directly related to access to services, as stated in project designs, are most of the times indeed realised or likely to be realised, but impact varies according to capacities and (absence of) policies in the sample countries.

Relevant sample projects have generated hundreds of millions of EUROS of direct financial support to SMEs. This is judged a great success and it is likely that the impact of these financial instruments is considerable. It may be considered less positive that all countries studied (with the exception perhaps of

Serbia and Turkey) have come to rely on these external sources of finance for their businesses and hence, do not invest much energy in establishing their own financing schemes.

With the sources of information that are made available, only a tentative judgment can be given regarding improved performance of assisted SMEs in terms of growth of jobs, growth in turnover, growth in international trade.

The SME survey carried out as part of this evaluation shows that around one third of responding SMEs report an increase in their annual turnover thanks to EU support.

The same survey leads to the conclusion that positive effects are predominantly experienced by medium-sized enterprises. This confirms the practice of IFIs aiming their (financial) assistance to the already best performing companies, which typically are not micro enterprises. The question is justified how to better channel financial instruments to beneficiaries most in need of support,

There is no evidence that any of the sample projects has led to the introduction of environmentally friendly (green) technologies. If the results of the SME survey may be considered indicative, such environmental effects were also hardly achieved at the level of the instruments.

Gender equality is covered by standard paragraphs in the strategic documents for the ENI and IPA instruments, and also in the majority of design documents. Only a small minority of the sample projects invest effort into this issue, and provide gender-specific reports. The maximum that can be concluded is that instruments and projects succeed in maintaining gender neutrality.

1.5. Sustainability

1.5.1 Findings

The sustainability of newly created institutions depends in most cases on further donors' involvement which allows them to continue their activities. Overall, the institutions supported through the sample projects face lack of financial resources and lack of decision-makers' involvement. The development and retention of individuals capable of effectively furthering the activities of the institutions appears a strong influential factor.

SMEs benefitting from support are generally not monitored beyond the lifetime of the project. Yet, although not quantified, there is evidence that many SMEs do develop in technical and economic terms as a result of the support services they benefitted from. In addition, positive sustainability prospects were identified in the case of business infrastructure projects.

Sustainability of effects of regional programmes depends on the type of activities carried out and, particularly, on the link with the national governments and their ownership of activities and results, which in turn influences their replication at national level. Many regional programmes deploying financial instruments are in themselves sustainable as revolving funds. Other regional programmes tend to face financial sustainability challenges and developing an exit strategy in such cases is advisable.

Several projects analysed have either multiplied their effects or the necessary preconditions are in place for them to do so in the future. The leveraging potential is directly conditioned by the sustainability of effects in itself. National projects targeting SMEs supported either with grants or business support services are rarely multiplied but the latter have a higher multiplication effect through the further funds which are often raised. At regional level, such financial projects have clear leveraging effect.

Overall, the most important lessons to be learnt at policy level for improving sustainability, impact and their prospects are:

- Strong correlation between EU-projects and national strategies –the latter building upon the former- helps ensure ownership by national governments.
- For financial instruments, a mechanism for monitoring the effects and their sustainability beyond the intervention itself (e.g. loan, BSB) at beneficiary level is badly needed.
- Regional programmes gain in sustainability when they have adequate governance systems, including national presence (as in the case of EBRD). Adequate mechanisms should be designed also in the case of this type of projects for monitoring sustainability of effects.
- Increased attention needs to be paid to capacity building at individual level and its capitalisation at institutional level.

- The sustainability of interventions and their effect positively correlates with the involvement of local experts and BSOs in the PSD process and thus their partnership at strategic level and contribution at intervention level needs to be ensured.

In the context of PSD, support to R&D and Innovation is at the crossroads between supply and demand of technology and requires specific support frameworks and actions, as well as targeted indicators. Awarding a significant degree of autonomy to R&D and/or innovation specific interventions from wider programmes/projects, if combined with effective co-ordination, collaboration and mutually leveraging with other PSD/Competitiveness interventions, may be the most cost-effective way to provide sustained R&D and Innovation support. In the ENI South region, it was highlighted during field meetings that innovation does not take place because it is not stimulated by the EU – the focus is more on respecting rules, which is difficult already, not to do something outside the box. It was thus suggested that some incentives should be developed from the policy level in future programming.

Programmes and projects involving financial instruments, particularly when mixed with targeted technical assistance, demonstrate a high degree of ownership of the results of EU interventions. Sustainability is brought about by annual expansions of the funds available. There is a need for local systems to gradually take over the donor role. For other types of projects, lack of (securing) financial resources after EU interventions are completed is a key hurdle in many cases.

1.5.2 Main conclusions

The sustainability of effects of newly created institutions depends in most cases on further EU involvement allowing them to continue their activities, even on a non-formalised basis. An element with strong potential to contribute to sustainability of project effects is the development and retention of individuals capable of effectively furthering the activities of the institutions.

Regional programmes such as EFSE deploying financial instruments targeting MSMEs and providing complementary technical assistance are in themselves sustainable as revolving funds and sustain a high likelihood of key project effects lasting and leveraging/multiplying in the mid- and long-term.

There is in general a slow pace of adoption, by relevant authorities, of primary and secondary legislation, institutional and administrative provisions as conditions for technical and financial sustainability of the institutions, tools and services created by EU projects: Administrative and legislative processes are many times too complex and slow to efficiently conciliate with programmes' and projects' limited time-frames and resources, and it is not uncommon that multiple political, economic and social interests hamper timely action.

On ownership of R&D and innovation activities, there is little concrete evidence, although the designs of relevant sample projects all include actions to enhance the involvement of institutions at the meso and macro level, which would lead to strengthened ownership.

1.6 Coherence

1.6.1 Findings

The sample projects evaluated do not contain activities aimed at participation of SMEs in the FP7 and the CIP programmes. All countries as a rule include in their national programmes an item called "Support for participation in Union Programmes". The field work has given some evidence of the existence of operational links with the CIP/COSME programme. Most IPA countries have national information points (now on COSME and H2020) but unfortunately, they do not have statistical material to quantify the importance of the programmes for the national private sector.

As far as PSD/Competitiveness support is concerned, the three instruments heavily leans on the principles of the Small Business Act. Reference is made to either the complete Act, or specific dimensions, in all strategic and programming documents. Nearly no concrete action, project, intervention is designed that does not actively support the strengthening of one or more of the SBA dimensions. EU support to advancing the SBA is spread over a high number of SBA dimensions; SBA dimension 9 (SMEs in a green economy) is relatively under-represented in the overall context of EU support to advancing the SBA.

The programming documents related to the IPA instrument, regional and for the countries, contain the obligatory chapter on EU visibility. In implementation, vast differences were noted between individual projects. Without any exception, all credit line and other SME financing projects lack effective visibility measures. The problem is also in the system. Each project separately is obliged to carry out its own

visibility measures, while in actual fact the team of experts was hired for different, specialised services. They cannot be expected to be also visibility experts. Even when visibility measures are carried out dutifully, the overall effect on “EU visibility” is confusing. For example, each project produces its own website, with its own lay-out and functionality, but often without direct links to other EU-funded projects. It was found on several occasions that websites of projects already completed years ago, were still on-line. This is not the best advertisement. On a moderately positive note, it can be said that compliance with applicable rules is normally observed, but actual contribution to enhance the visibility of EU aid may in many cases not have been a major concern.

The most obvious innovation in EU aid delivery is that of financial instruments and especially that of blending of grants and loans. Furthermore, it is observed that as of 2014, programming in several countries is geared towards simplified implementation, through complete transfer of financial, management and implementation responsibilities to accredited national, but mostly international, institutions. Finally, it is acknowledged that what is an innovation in aid delivery in one country, has already become standard procedure in another. Both the Commission Services and the national authorities appear to be constantly searching for new and better mechanisms, which is deemed a good sign.

1.6.2 Main conclusions

Almost all countries enjoy considerable financial support for their entry tickets for the participation to European programmes. It was found during the field visits that the establishment of national infrastructures (contact points, etc.) for H2020 and COSME, which was a precondition for the agreements with the programmes, has at least boosted the operational links with them.

The vast majority of EU interventions to PSD/Competitiveness in the three regions targets fields related to advancing compliance with the SBA. Regional programmes particularly focus on dimensions 6, 7 and 10, with an emphasis on access to finance. National interventions in one way or another target all SBA dimensions. A clear exception is dimension 9 (SMEs in a green economy) for which few to no interventions have been found.

1.7 EU added value

1.7.1 Findings

To a large degree, complementarity and non-contradiction with national or regional programming are ensured at both regional and national programming, in relation to both national- and other donor-funded PSD/Competitiveness support interventions.

There are strong indications that if the support to PSD/Competitiveness provided by the EU would be withdrawn, the gap could not and would not be filled by other donors. There are countries where the EU is by far the strongest donor in PSD/Competitiveness support, and many donors are either lightly, or even not at all, present in regional terms. Furthermore, in themes such as the SBA, no one but the EU would be appropriately positioned to provide the necessary support.

Most if not all the beneficiary countries lack the budgets to provide the kind of support that the EU is providing, at national level and even more so at the regional level.

From an objective point of view, it is EU support that keeps the wheels turning in the PSD/Competitiveness sector. In relation to other donors, the EU tends to be more institutional and deal less with direct actions towards the SMEs themselves. In the IPA region, the EU is perceived as working better in, for example, institutional strengthening or policy support. Both types of interventions are necessary and useful for the ultimate purpose of fostering private sector development and competitiveness in the target countries;

The EU is clearly the major donor when it comes to regional intervention, particularly in the IPA region, which comes as a natural consequence of the proximity of this region to the EU and the specific purpose of IPA support. Hence, the EU seems irreplaceable at this level.

Finally, EU interventions in which IFIs are leading implementers tend to be well structured, efficiently managed and very effective. Their relevance to improve financing of MSMEs is unquestionable. No other type of donor-funded intervention (including from the EU) would likely be able to provide the same level of results and impacts.

1.7.2 Main conclusions

National and regional programming under all three instruments duly exhibit complementarity and non-contradiction in the field of PSD/Competitiveness support interventions. The question is whether this is by design, or by coincidence, since it was concluded that the cooperation and communication between programmers at regional and national levels was found to be less systematic than claimed by EU internal programming instructions.

2. Main Recommendations

PSD/Competitiveness encompasses many sub-sectors (e.g. SME development, public administration reform, trade regulations, etc.) which are managed by different parts of the government administration. Whether it lends itself to a fully-fledged sector-wide approach is a question that cannot be easily answered. Yet, compartmentalisation of policies is inherent to the public administration in IPA and ENI countries; communication and cooperation among ministries and public agencies on policy making are not yet at an adequate level. The establishment of a Regional Cooperation Council in the Western Balkans, and Platforms and Panels under the regional programme may be a good way to achieve common policies at the regional level, but does little to further the integrity of PSD/Competitiveness related policies at the country level. Therefore, whether this is called a sector-wide approach or not, it would be advisable to establish, jointly with the national authorities, PSD/Competitiveness councils consisting of high-level representatives of all ministries possibly related to the sector. They would design policy to be implemented both with national funds and donor funds.

The evaluators recommend a more stringent enforcement of the conditionality of beneficiary involvement during and after an EU-funded intervention. This would require, in the first place, more prominently including it in financing agreements and following that, in individual project or action fiches, along the lines as followed for budget support programmes. The ultimate sanction in those programmes is that tranches of EU financial support are withheld and this should also become practice in non-budget support. Project fiches/action fiches/action documents should contain a section on “inescapable” obligations of the recipient country, with clear description of sanctions, such as discontinuation of projects, temporisation of programming for future periods and even financial sanctions. The existing ROM system can be used for this without much change; ROM experts should be given the possibility to include proposed sanctions in their reports.

It is recommended that ENI programming become more focused on all those interventions that have direct tangible effects on individual businesses. Legal, regulatory and fiscal modernisation are perhaps just as important but it could be maintained that in the ENI regions (without accession factors) this is mainly a task of the national authorities. Rapid effects can be “scored” by concentrating on the business sector and their immediate environment (BSOs, private consultants).

It is recommended to investigate how the existing financial instruments can be “opened up” to micro enterprises with a need for micro loans. EFSE does something in this field, but the around one quarter of micro loans goes to private households for housing needs. ENI South has no comparable arrangement.

Based on the findings in this evaluation, the recommendation on cross-cutting issues is self-evident. Environment, climate change and gender equality are issues high on the EU’s agenda but do not always find their way to implementation. Two alternatives are recommended, that do not mutually exclude each other.

The first one is to design, for each programming year and for each individual country, at least one project dealing with PSD/Competitiveness environmental issues, one with PSD/Competitiveness Climate Change issues and one project dedicated to women entrepreneurship or another aspect of gender equality. There are reasons to think that the best solution could be to have such projects at the regional level.

The second alternative is to enforce the mainstreaming of cross-cutting issues in EU interventions, by introducing the institution of “environment, climate change and equal opportunities audits”, to be performed by an internal unit or external independent institution on all programming and procurement documents. This audit should also produce cross-cutting indicators to be used throughout implementation.

Assuming that – as reported by DG NEAR – indicator systems for PSD/Competitiveness have substantially improved, it is recommended to thoroughly embed them in the roles of national authorities. The NIPAC system in IPA countries already provides for this, or so it is assumed. Such clear responsibilities are not yet attributed to national coordinating institutions in ENI countries. In line with

recommendation R05, such monitoring (its quality, its frequency, its substance) should be made an obligatory condition in all financing agreements, with sanctions attached to it.

As regards access to finance, it is recommended that the Commission undertake regular studies that inform these interventions, in terms of the needs for money, broken down for countries, types and sizes of funding instruments, priority sectors, types and sizes of individual companies most in need of external funding, repartition over (in-country) regions. This will have many positive effects, one of them being that regional funds (NIF, WB EDIF) are properly allocated to individual countries according to real needs.

It is recommended to ensure that in each country, networks of partner banks of IFIs are integrated, so that each micro, small and medium-sized entrepreneur (who typically does business with one bank in her/his village) has access to all instruments, not only to those that happen to be agreed with her/his bank.

It is recommended to separate 80% of the visibility budget from individual projects (20% is needed for a few direct project-related visibility actions) and organise visibility per country, where it counts most. This applies not only for PSD/Competitiveness, but for all sectors. A professional organisation in the country should be hired, that makes standard website designs for all projects, maintains them and – very importantly – ensures links between them. The organisation will produce standard designs and formats of brochures, leaflets, training materials, press releases, to be used by all projects. It will establish and keep up-to-date address lists for distribution of visibility materials. It will organise press conferences, TV and radio interviews for the individual projects, based on its contacts with the media. One other task is to ensure that all technical reports (insofar as not confidential) are uploaded to one database, preferably regional. The experience of the evaluators is that many technical reports are distributed over limited number of persons/institutions, and are not easily available to other contractors. This leads to repetition of the same studies, the same TNAs, the same training programmes and the same presentations. Important savings can be made.

SYNTHÈSE

1. Résultats de l'évaluation

Les programmes de Développement du secteur privé et de la compétitivité mis en place dans trois régions et onze pays ont fait l'objet d'une évaluation. Les résultats sont fractionnés en 30 critères d'appréciation, pour un total de 20 questions d'évaluation. Il est important de souligner que l'intensité de l'évaluation variait selon les pays. Dans chacune des régions de l'IEVP (Instrument européen de voisinage et de partenariat/ENI), deux pays ont été sélectionnés pour une évaluation approfondie ; dans ces pays, un échantillon de quatre à cinq projets a été pris en compte. Pour la région de l'IAP (Instrument d'Aide de Préadhésion/IPA), l'approche était légèrement différente : les programmes de tous les pays ont été analysés, mais des projets individuels ont été sélectionnés dans deux pays uniquement.

1.1 Pertinence

1.1.1 Résultats

Les programmes et interventions de l'UE dans le domaine du développement du secteur privé et de la compétitivité sont conformes aux besoins des pays, tels qu'exprimés formellement dans des Stratégies, ou indiqués de façon moins formelle dans d'autres sources. Au fil des années, les objectifs des programmes se sont montrés cohérents, autant à l'échelle locale qu'au niveau national.

La qualité des projets élaborés est en évolution constante, révélant une courbe d'apprentissage en forte progression chez les responsables de programmes. Cependant, il existe toujours des cas où les résultats des indicateurs sont formulés comme des outputs quantifiés, tandis que les indicateurs d'impact sont soit absents, soit une répétition des indicateurs d'output.

Les projets régionaux sont généralement moins explicites dans leurs résultats et leurs objectifs que les projets nationaux. Ils reflètent plutôt les besoins politiques de la Commission que les besoins explicitement exprimés par les pays de la région. Ce qui fait défaut, c'est une distinction claire entre les besoins qui doivent être traités au travers de projets nationaux, et ceux qui doivent l'être au travers de programmes multinationaux.

Il n'y a aucune attestation concrète de la fréquence ou du moyen employé pour l'échange d'information entre les responsables de programmes au siège de la Commission et ceux des Délégations de l'Union Européenne (DUE). Les projets nationaux et régionaux ne se nuisent pas réciproquement. Aucun exemple concret, direct, de double emploi ou d'empiètement n'a pu être identifié. Le fait que les responsables de la mise en œuvre de projets régionaux soient sans attache, n'étant affectés à aucun pays de la région, est souvent évoqué comme un problème. Leurs contributions sont perçues en conséquence, comme ayant un intérêt théorique plus que pratique.

Il y a grand besoin d'améliorer la communication et l'échange d'informations entre les responsables de programmes au niveau régional et au niveau national, au sein des services de la Commission Européenne.

1.1.2 Conclusions principales

L'aide de l'Union Européenne apparaît, de façon générale, comme ajustée quand elle est rapportée aux priorités et besoins nationaux. Cette conclusion est particulièrement vraie en ce qui concerne les programmes nationaux de pays spécifiques, tandis que l'aide régionale de l'UE semble refléter davantage les priorités de l'UE que les besoins spécifiques des pays. Alors que les mécanismes de consultation s'exercent avec les pays concernés par la programmation régionale (multi-pays), ces questions sont encore traitées, pour l'essentiel, au niveau de la Commission. Les besoins des pays sont traités dans les programmes et interventions régionaux de l'UE, même s'il semble parfois que ces besoins soient mieux perçus au siège de la Commission que dans les stratégies nationales. Certaines des interventions régionales prévues reçoivent un soutien limité de la part des bénéficiaires à l'échelle nationale. Cette conclusion implique qu'il s'agit bien d'une question d'appropriation.

La qualité au niveau de la conception des projets présente une évolution clairement positive à tous les niveaux et dans toutes les régions, ce qui indique un travail continu (et efficace), au sein des services de la Commission, pour combler les lacunes. La formulation d'indicateurs mesurables (et, à l'avenir, l'établissement de systèmes de surveillance adéquats) est habituellement un sujet de préoccupation. Contrairement aux années précédentes, la programmation dans le cadre financier pluriannuel (perspective financière) 2014-2020 a grandement gagné en qualité sur cet aspect.

1.2 Efficacité

1.2.1 Résultats

De façon générale, dans tous les pays et toutes les régions, les évaluateurs se déclarent satisfaits de l'efficacité dans la mise en œuvre des projets. Partout où des problèmes sont survenus, les deux parties se sont révélées capables de trouver conjointement des solutions.

On note assez peu de communication inter-projets ; les équipes dédiées à chaque projet éprouvaient des difficultés à reconnaître les objectifs politiques qui n'étaient pas directement liés aux projets qu'elles mettaient en œuvre. C'est pourquoi elles investissent trop peu de temps et d'efforts dans le développement d'émulation réciproque et l'enrichissement mutuel de leurs activités, de leurs résultats et des effets obtenus. Il en va de même pour les interactions entre les bénéficiaires de projets ou de programmes. Un effort supplémentaire est requis pour articuler les projets ayant des bénéficiaires multiples aux projets répondant à des programmes nationaux.

Les programmes régionaux, interrégionaux (IEVP) et nationaux font rarement preuve de synergie, en tout cas pour ce qui concerne les effets d'entraînement mutuel. Les instruments financiers constituent le meilleur aspect des programmes régionaux. Grâce à l'échelle à laquelle ont lieu les opérations, ces projets parviennent à attirer le capital public et privé requis pour financer de gros investissements, et font partie des projets qui déploient les approches les plus efficaces.

1.2.2 Conclusions principales

Les experts qui travaillent sur des projets individuels se fient à leur propre jugement, en ce qui concerne les besoins de communication et de coordination avec d'autres projets, qu'ils soient financés par l'UE ou par d'autres sources. Ce type de coopération n'est pas de grande qualité et connaît quelques défaillances. Bien que la pratique courante paraisse raisonnablement satisfaisante, une amélioration des synergies permises par la complémentarité est possible.

Entre les bénéficiaires de projets ou de programmes, il semble n'y avoir aucune interaction ou capitalisation sur les synergies. Le problème principal demeure la compartimentalisation des institutions publiques, les unes à l'égard des autres, voire en interne. La situation est particulièrement résiliente dans les deux régions de l'IEVP ; les pays de l'IAP ont, quant à eux, bénéficié d'un intense soutien pour le développement de leurs compétences et de leurs institutions, et sont bien engagés dans la résolution du problème.

L'axe Développement du secteur privé et de la compétitivité, tel qu'il est défini par la Commission, concerne les actions effectuées dans le domaine de l'approximation, de la réforme de l'administration publique, de l'adaptation législative, du commerce international, des accords de libre-échange complets et approfondis (ALECA/DCFTA), de l'environnement des affaires. De l'avis des bénéficiaires, ce panel de sous-secteurs disparates est difficile à rassembler sous l'égide d'un axe unique « Développement du secteur privé et de la compétitivité ». Les bénéficiaires préféreraient comprendre sous le nom de Développement du secteur privé et de la compétitivité toutes les actions bénéficiant directement aux entreprises.

Etant donnés les besoins importants des pays concernés, les programmes de l'UE ne peuvent, par définition, satisfaire à la réalisation de tous les objectifs stratégiques. Il apparaît – en particulier dans l'IEVP Est et la région de l'IAP – que la programmation depuis 2014 a été bien plus réaliste à cet égard.

Aux indicateurs inclus dans les anciens programmes (2010-2013) faisait défaut l'« intelligence » permettant la supervision appropriée. A l'exception du système de suivi axé sur les résultats (*Results Oriented Monitoring/ROM*), qui ne concerne qu'une partie des interventions, il semble n'exister aucun autre système de suivi national ou régional, pas même au niveau des Délégations de l'UE. Des mesures ont été prises, et certaines sources rapportent que de meilleurs indicateurs de suivi de la performance des PME et de la Compétitivité au niveau national ont été développés. Pourtant, il semble n'exister aucun système local de suivi, ce qui pourrait être attribué au fait que les évaluateurs auraient négligé les documents et les personnes interrogées en position de témoigner de l'existence de tels systèmes.

1.3 Efficacité

1.3.1 Résultats

Les informations rassemblées au moyen d'enquêtes d'opinion montrent que l'on obtient des résultats positifs en ce qui concerne l'environnement économique. Ces résultats peuvent d'ailleurs être la conséquence d'interventions de l'UE ou d'interventions émanant d'autres sources de financement.

L'étude des projets d'échelle nationale sélectionnés le confirme. Les projets régionaux semblent également avoir permis de relatifs succès, mais le détail n'en est pas connu.

Par rapport aux besoins généraux dans les régions, les budgets des projets régionaux (hors Mixage / *Blending instrument*) sont relativement bas. Pour cette raison, leur attractivité en termes de bénéfices directs est généralement perçue comme faible par les acteurs locaux.

Bien que tous les projets sélectionnés dans la région de l'IAP affectent sans doute, d'une manière ou d'une autre, la perspective de l'intégration à l'UE, la majorité d'entre eux ne présentent pas l'adhésion comme un objectif explicite. Seuls les projets concernant les droits sur la propriété intellectuelle ainsi qu'un projet consacré à l'e-business sont en relation directe avec l'acquis communautaire. Ces projets ont d'ailleurs rencontré le succès.

1.3.2 Conclusions principales

Les programmes de développement du secteur privé et de la compétitivité au sein des trois instruments sont très efficaces, même si le soutien des autorités nationales reste inadapté. C'est tout ce que l'UE peut faire pour résoudre les sérieuses lacunes que connaissent ces trois régions dans ce domaine.

En dépit des montants importants dépensés pour améliorer l'accès aux financements, les documents publics fournis par les institutions internationales de financement (*IFI*) présentent des données insuffisantes – à une ou deux exceptions près – pour évaluer leurs résultats et leur impact sur une portée plus large, ce qui amoindrit d'autant le bien-fondé qu'il y aurait à continuer de financer ces opérations.

Parmi tous les aspects de l'environnement économique, les programmes ont des résultats positifs sur les possibilités d'apprentissage d'entrepreneuriat, le cadre réglementaire et institutionnel pour la mise en place d'une politique concernant les PME, la disponibilité de services de soutien pour les PME. Le soutien à l'innovation des PME est également un secteur qui fonctionne, mais les projets sont trop peu nombreux et de trop petite envergure pour que l'on puisse observer un impact de plus grande portée.

Au niveau des instruments, ni l'IEVP Est ni l'IEVP Sud ne traitent explicitement ou implicitement de la question de l'économie verte. L'IAP fait légèrement mieux sur ce point. Ceci était à attendre de la programmation 2010-2013, mais l'absence de cet aspect en 2014 et 2015 constitue un motif d'inquiétude.

Il semble que l'UE soit (trop) laxiste quant à la mise en vigueur des conditions relatives à l'implication du pays bénéficiaire. On pourrait également reprendre, dans d'autres méthodes de livraison de l'aide la bonne pratique des programmes de soutien budgétaire, où les contributions des bénéficiaires et les résultats attendus sont décrits dans le détail suivant une matrice de performance. Il arrive trop fréquemment que les résultats ne soient pas complètement atteints car les pays bénéficiaires ne répondent pas, ou ne peuvent pas répondre, aux attentes.

1.4 Impact

1.4.1 Résultats

En général, les projets ont tendance à livrer, en termes de réalisation physique, ce qu'ils promettent. Il est difficile d'estimer comment ces livrables participent de l'amélioration de l'environnement économique. Au sein de l'échantillon, plusieurs des projets achevés ou bien engagés échouent à fournir des données fiables concernant les réalisations.

Quand les projets obtiennent des résultats, leur viabilité est souvent incertaine, en raison d'un manque de suivi de la part des bénéficiaires. Ce manque de suivi s'explique par plusieurs causes. Parmi les causes les plus fréquentes, on retrouve les faiblesses institutionnelles ou au niveau des ressources humaines, et/ou le manque de viabilité financière au-delà de la période de financement externe.

Seuls deux types de projets ont le potentiel de réellement influencer les performances des entreprises : ceux qui fournissent des conseils (tels que les Services de conseils aux entreprises (*BAS/Business Advisory Services*) ou le Programme de croissance des entreprises (*EGP/Enterprise Growth Programme*)) et ceux qui fournissent des financements aux entreprises. Ils ont l'avantage de permettre l'évaluation de la performance des entreprises sur la durée, puisque l'organisme qui met en place le projet entretient une relation professionnelle de long terme avec chacune des entreprises aidées.

Bien que certains projets fournissent des données claires concernant l'amélioration de la performance des TPE et PME, le lien causal entre les activités du projet et la performance des TPE-PME est moins évident. La plupart des autres projets fournissent seulement des indicateurs vagues, partiels et/ou se

concentrant sur les réalisations physiques, ce qui ne permet pas d'évaluer la performance en relation avec les effets engendrés. Les évaluateurs sont informés que des efforts sont en cours pour répondre à ces défis.

L'enquête menée auprès des PME a montré que l'effet positif du soutien de l'UE dépend de la taille de l'entreprise ; plus l'entreprise concernée est petite, plus les effets rapportés sont faibles. La même enquête indique que l'aide (financière) de l'UE ne joue pas un rôle décisif dans la promotion de technologies et de produits écologiques. Il serait bon d'inclure plus explicitement ces questions dans les projets concrets, et de développer un système de suivi et de signalement qui soit conforme aux exigences de la Commission.

La notion d'égalité des sexes figure dans les documents du projet sous forme d'un paragraphe standard, mais aucune donnée n'a pu mettre en évidence une mise en œuvre effective. Les projets respectent la neutralité de genre, et aucune inquiétude concernant les questions de genre n'a été rapportée.

1.4.2 Conclusions principales

Il est difficile de trouver les chiffres concernant le nombre de PME ayant concrètement bénéficié d'un soutien direct, non-financier. Il est important de noter que la majorité des projets développés se sont concentrés en parallèle sur le développement des systèmes et structures pour fournir des services aux PME, ce qui devrait avoir un effet positif. La plupart du temps, les résultats directement liés à l'accès aux services et prévus dès la conception du projet, sont en effet atteints, ou proches de l'être, mais l'effet varie selon les capacités et les politiques (ou l'absence de politiques) menées dans les pays de l'échantillon.

Les projets sélectionnés ont charrié des centaines de millions d'euros d'aide financière directe aux PME. Ceci est considéré comme un grand succès, et il est probable que l'impact de ces instruments financiers est considérable. On peut considérer comme moins positif le fait que tous les pays étudiés (à l'exception de la Serbie et de la Turquie) ont fini par se reposer sur ces sources de financement externe pour le développement de leurs entreprises, et, par-là, ne dépensent pas beaucoup d'énergie à établir leurs propres mécanismes de financement.

Au moyen des sources d'information disponibles, on ne peut donner qu'un jugement hypothétique sur l'amélioration de la performance des PME aidées en termes de croissance de l'emploi, du chiffre d'affaire, du commerce international.

L'enquête menée sur les PME dans le cadre de cette évaluation montre qu'environ un tiers des PME ayant répondu font état d'une augmentation de leur chiffre d'affaire annuel due au soutien de l'UE.

La même étude conduit à la conclusion suivante : les effets positifs se rencontrent principalement dans les entreprises de taille moyenne. Ce qui confirme la pratique des institutions de financement internationales, qui dirigent leur aide (financière) vers les entreprises montrant déjà les meilleures performances, qui ne sont d'ordinaire pas des micro-entreprises. La question de savoir comment mieux acheminer les instruments financiers vers les bénéficiaires qui en ont le plus besoin, mérite d'être posée.

Rien ne prouve qu'aucun des projets de l'échantillon ait mené à l'introduction de technologies écoresponsables (vertes). Si les résultats de l'enquête menée sur les PME peuvent être considérés comme fiables, ces effets environnementaux ont également été à peine obtenus au niveau des instruments.

L'égalité des sexes est traitée dans des paragraphes standardisés dans les documents stratégiques pour l'IEVP et l'IAP, et également dans la majorité des documents de conception. Seule une petite minorité des projets sélectionnés fournissent des efforts dans ce domaine, en remettant des rapports spécifiques. On peut en conclure que ces projets et instruments parviennent au mieux à maintenir la neutralité de genre.

1.5 Viabilité

1.5.1 Résultats

La viabilité des institutions nouvellement créées dépend, dans la plupart des cas, de l'implication ultérieure des financeurs, qui leur permet de continuer leurs activités. En général, les institutions soutenues dans les projets de l'échantillon, font face à un manque de ressources financières et à une insuffisante implication des décisionnaires. Former les individus capables de pérenniser efficacement les activités des institutions, et savoir les retenir, semble un facteur important.

Les PME qui reçoivent une aide ne sont généralement pas suivies au-delà de la durée du projet. Toutefois, il semble – bien que cela n'ait pu être mesuré – que de nombreuses PME se développent au plan technique et économique grâce aux services d'assistance dont elles ont bénéficié. En outre, on anticipe des perspectives positives et durables dans le cas de projets concernant l'infrastructure des entreprises.

La persistance des effets des programmes régionaux dépend du type d'activités menées et, en particulier, du lien avec les gouvernements nationaux et leur appropriation des activités et résultats, ce qui favorise en retour une réplication au niveau national. De nombreux programmes régionaux déployant des instruments financiers sont en eux-mêmes viables en ceci qu'ils fonctionnent comme des fonds de crédits rotatifs. D'autres programmes régionaux ont tendance à faire face à des problèmes de viabilité financière, et il est conseillé, pour de telles situations, de développer une stratégie d'accès à l'indépendance.

Dans plusieurs projets analysés, soit les effets ont été démultipliés, soit les conditions nécessaires ont été mises en place pour une démultiplication des effets à l'avenir. L'effet de levier potentiel est directement conditionné par la viabilité des effets. Les projets nationaux ciblant des PME au moyen de subventions ou par la mise en place de services d'aide aux entreprises, ont rarement connu une démultiplication de leurs effets, mais ces derniers ont un effet de démultiplication plus élevé par l'intermédiaire de levées de fonds additionnels. Au niveau régional, les projets de financement présentent clairement un effet de levier.

D'une façon générale, voici les leçons les plus importantes à retenir en ce qui concerne l'amélioration de la viabilité, de l'impact et des perspectives :

- une forte corrélation entre les projets de l'UE et les stratégies nationales – ces dernières s'érigeant sur la base des premiers – aide à garantir l'appropriation par les gouvernements nationaux ;
- dans le cas des instruments financiers, il est grand besoin de mettre en place un mécanisme de suivi des effets et de leur viabilité au-delà de la durée de l'intervention elle-même (par exemple un prêt ou un programme de soutien budgétaire) ;
- les programmes régionaux gagnent en viabilité quand ils jouissent de systèmes de gouvernance appropriés, incluant une présence nationale (comme dans le cas de la BERD). Il faudrait également concevoir les mécanismes appropriés pour le cas de ce type de projets pour réaliser le suivi de la viabilité des effets.
- Il faudrait faire plus attention au développement des compétences au niveau individuel et à leur capitalisation au niveau institutionnel.
- La viabilité des interventions et de leurs effets est corrélée à l'engagement, dans le processus de développement du secteur privé, des experts locaux et des organisations de soutien aux entreprises. Ainsi, il faut s'assurer de leur partenariat au niveau stratégique et de leur contribution au niveau opérationnel.

Dans le contexte du développement du secteur privé, l'aide à la Recherche, au Développement et à l'Innovation est à la croisée de l'offre et de la demande en matière des technologies. Elle exige des dispositifs de soutien et des actions spécifiques, ainsi que des indicateurs ciblés. Conférer, dans le cadre de programmes ou de projets de plus grande portée, une autonomie importante à la recherche et développement et/ou aux interventions spécifiquement consacrées à l'innovation, semble être le moyen le plus rentable de garantir la viabilité pour la recherche, le développement et le soutien à l'innovation, à condition que cela soit accompagné d'une coordination et d'une collaboration efficaces avec d'autres interventions dans le cadre du Développement du secteur privé et de la compétitivité, dans un esprit d'enrichissement mutuel.

Dans la région de l'IEVP Sud, les rencontres de terrain ont montré que l'innovation est inexistante parce que non stimulée par l'UE. L'action de l'UE se concentre en effet davantage sur le respect des règles, ce qui est déjà en soi assez difficile, que sur leur transgression. Il a donc été suggéré le développement de certaines incitations au niveau politique dans la programmation future.

Les programmes et projets impliquant des instruments financiers font l'objet d'une bonne appropriation des résultats des interventions de l'UE, surtout quand ils vont de pair avec une aide technique ciblée. La viabilité est renforcée par les extensions annuelles de fonds disponibles. Il faudrait que les systèmes locaux puissent progressivement endosser le rôle de financeurs. Pour d'autres types de projets, l'absence de garantie des ressources financières après la réalisation des interventions de l'UE, est un obstacle clé dans de nombreux cas.

1.5.2 Conclusions principales

La viabilité des effets des institutions nouvellement créées dépend, dans la plupart des cas, d'une prolongation de l'implication de l'UE leur permettant de continuer leurs activités, même sur une base informelle. Former des personnes capables de pérenniser efficacement les activités des institutions et savoir retenir ces mêmes personnes sont des éléments qui participent fortement de la viabilité des effets des projets.

Les programmes régionaux comme le fonds européen pour l'Europe du Sud-Est, qui déploient des instruments financiers ciblant les TPE-PME et fournissant une aide technique complémentaire sont en eux-mêmes viables, parce qu'ils fonctionnent comme des fonds à crédits rotatifs. En outre, ils sont hautement susceptibles de fournir des résultats cruciaux, à la fois durables et induisant un effet de levier/ de démultiplication, à moyen et long terme.

On note en général la lenteur du rythme d'adoption, par les autorités concernées, de la législation primaire et secondaire, et des dispositions institutionnelles et administratives, conditions de la viabilité technique et financière des institutions, outils et services créés par les projets de l'UE : les processus administratifs et législatifs sont souvent trop complexes et trop lents pour être conciliés de façon efficace avec le calendrier et les ressources des programmes et projets, et il n'est pas rare que des intérêts politiques, sociaux et économiques empêchent la prise des mesures au moment opportun.

On dispose de peu de données concernant l'appropriation des activités de recherche, de développement et d'innovation, même si les projets sélectionnés incluaient tous, dès leur conception, des actions prévisionnelles pour améliorer l'implication des institutions au niveau intermédiaire et au niveau global, avec le but de renforcer l'appropriation.

1.6 Cohérence

1.6.1 Résultats

Les projets sélectionnés et évalués ne prévoient aucune activité visant la participation des PME au 7^{ème} Programme-cadre pour la recherche et le développement technologique (FP7) et aux Programmes pour la compétitivité et l'innovation (PCI/CIP). Une règle exige que les pays introduisent dans leurs programmes nationaux une rubrique appelée « Soutien à la participation aux programmes de l'Union ». D'après des retours du terrain, il semble qu'existent des liens opérationnels avec le programme pour la compétitivité et l'innovation et le programme pour la compétitivité des PME (COSME). La plupart des pays de l'IAP disposent de points d'information nationaux (sur le COSME et sur le Programme-cadre de l'UE pour la Recherche et l'Innovation (H2020), mais malheureusement, ne proposent aucune donnée statistique pour quantifier l'importance des programmes pour le secteur privé national.

Dans le domaine de l'aide au développement du secteur privé et de la compétitivité, les trois instruments reposent pour l'essentiel sur les principes du *Small Business Act*. Les documents de programmations ou stratégiques font tous référence ou bien à cette loi dans son ensemble, ou bien à certaines de ses dimensions spécifiques. La quasi-totalité des actions concrètes, projets, interventions promeuvent le renforcement d'un ou plusieurs principes du *Small Business Act*. Le soutien de l'UE à la promotion du *Small Business Act* se répartit entre différents principes de celui-ci ; le 9^{ème} de ces principes (les PME dans l'économie verte) est relativement sous-représenté dans le contexte général du soutien de l'UE à la promotion du *Small Business Act*.

Les documents de programmation de l'IAP, tant à l'échelle régionale qu'à l'échelle des pays concernés, contiennent systématiquement un chapitre sur la visibilité de l'UE. Au moment du passage à la mise en œuvre, on a noté de grandes différences entre les projets. A toutes les lignes de crédit et à tous les autres projets de financement des PME – sans exception, faisaient défaut des mesures efficaces en faveur de la visibilité. Le problème vient également du système. Chaque projet était contraint de prendre séparément des mesures en faveur de sa propre visibilité, alors qu'en fait l'équipe d'experts était recrutée pour des services spécialisés différents. On ne peut pas attendre d'eux qu'ils soient également experts en matière de visibilité. Même quand les mesures en faveur de la visibilité étaient consciencieusement menées, l'effet général sur la « visibilité de l'UE » est incertain. Par exemple, chaque projet réalise son propre site Web, avec sa propre architecture et ses propres fonctionnalités, mais souvent sans y faire figurer de liens directs vers les autres projets financés par l'UE. En plusieurs occasions, on a découvert que les sites de projets réalisés depuis années étaient toujours en ligne. Ceci ne constitue pas la meilleure des publicités. On peut dire que la conformité aux règles en vigueur est habituellement respectée, mais que la contribution à l'amélioration de la visibilité de l'aide européenne semble n'avoir pas été, dans de nombreux cas, une préoccupation majeure.

L'innovation la plus manifeste en matière d'aide européenne est l'innovation en matière d'instruments financiers, et particulièrement ceux qui combinent subventions et prêts. En outre, depuis 2014, on note que la programmation dans plusieurs pays s'oriente vers une mise en œuvre simplifiée, par le biais du transfert intégral des responsabilités financières, managériales et de mise en œuvre aux institutions nationales, mais surtout internationales, compétentes. Pour finir, il est admis que ce qui peut, dans un pays, constituer une innovation dans les mécanismes d'aide, peut apparaître comme la procédure standard dans un autre. Les services de la Commission et les autorités nationales semblent toutes deux en recherche constante de nouveaux mécanismes, plus efficaces, ce qui est plutôt bon signe.

1.6.2 Conclusions principales

La plupart des pays bénéficient d'un soutien financier considérable au moment d'intégrer les programmes européens. Les visites de terrain ont permis de montrer que la mise en place, en vue des plans Horizon 2020 et COSME, d'infrastructures nationales (Points de contact nationaux, etc.), ce qui constituait une condition préalable à tout accord programmes, avait, au minimum, stimulé les liens opérationnels avec eux.

La majeure partie des interventions de l'UE en faveur du développement du secteur privé et de la compétitivité dans les trois régions visent des domaines concernés par la mise en conformité progressive avec le *Small Business Act*. Les programmes régionaux mettent particulièrement l'accent sur les principes 6, 7 et 10, en insistant sur l'accès aux financements. Les interventions nationales visent, d'une façon ou d'une autre, les 10 principes du *Small Business Act*. Une exception nette : le principe 9 (les PME dans une économie verte), qui n'a fait l'objet d'aucune intervention, ou de très peu.

1.7 Valeur ajoutée de l'UE

1.7.1 Résultats

La complémentarité et la non-contradiction entre programmes nationaux et régionaux étaient assurées dans une large mesure, à la fois au niveau de la programmation régionale et au niveau national, par rapport aux interventions d'aide au développement du secteur privé et à la compétitivité financées au niveau national ou par d'autres sources.

Il apparaît hautement probable que si l'aide au développement du secteur privé et à la compétitivité fournie par l'UE devait être retirée, la différence ne pourrait pas être comblée par d'autres sources de financement. Dans certains pays, l'UE est de loin la source de financement principale de l'aide au développement du secteur privé et de la compétitivité, et de nombreuses sources de financement ne sont pas présentes, ou le sont très peu, au niveau régional. De plus, en des domaines comme le *Small Business Act*, seule l'UE est en position d'apporter l'aide requise.

Les budgets permettant de fournir le type d'aide qu'apporte l'UE, au niveau national et à plus forte raison au niveau régional, font défaut à la plupart des pays bénéficiaires, sinon à tous. Objectivement, c'est l'aide de l'UE qui, dans le domaine du développement du secteur privé et de la compétitivité, permet à la machine de continuer à tourner. Par rapport à d'autres sources de financement, l'UE a tendance à se concentrer plus sur les aspects institutionnels et à engager moins d'actions directes en direction des PME elles-mêmes. Dans la région de l'IAP, l'UE est perçue comme plus efficace dans le renforcement des institutions ou dans le soutien aux politiques. Les deux types d'interventions sont nécessaires à la poursuite de l'objectif suprême, qui est d'encourager le développement du secteur privé et la compétitivité dans les pays-cibles.

L'UE est clairement la source de financement principale au niveau des interventions régionales, en particulier dans la région de l'IAP, ce qui s'explique par la proximité géographique avec l'UE de cette région et par l'objectif spécifique de l'aide fournie par l'IAP. L'UE semble donc irremplaçable sur ce point.

Enfin, les interventions de l'UE, dans la mise en œuvre desquelles les institutions de financement internationales (IFI) jouent le rôle de chefs de file, sont généralement bien structurées, gérées de façon efficiente et très efficaces. Leur importance pour améliorer le financement des TPE-PME ne saurait être remise en question. Aucun autre type d'intervention financée par des subventions (y compris fournies par l'UE) ne semble pouvoir obtenir des résultats et un impact d'une ampleur comparable.

1.7.2 Conclusions principales

Les programmations nationale et régionale, dans le cadre des trois instruments, font preuve de complémentarité et de compatibilité dans le domaine des interventions d'aide au développement du secteur privé et à la compétitivité. La question se pose de savoir si cette collaboration est planifiée ou si

elle est le fait du hasard, sachant que la coopération et la communication entre les responsables de programmes au niveau régional et au niveau national se sont révélées moins systématiques que ne le voulaient les instructions internes à l'UE.

2. RECOMMANDATIONS PRINCIPALES

Le développement du secteur privé et la compétitivité englobe plusieurs sous-secteurs (par exemple le développement des PME, la réforme de l'administration publique, les réglementations commerciales), administrés par différents services gouvernementaux. C'est une question difficile, que de savoir si le développement du secteur privé et de la compétitivité se prête à une approche sectorielle à part entière. Pourtant, la compartimentalisation des politiques publiques est la norme dans l'administration publique des pays de l'IAP et de l'IEVP ; la communication et la coopération dans le processus décisionnel entre ministères et agences publiques n'a pas encore atteint le degré de développement approprié. La mise en place d'un Conseil de coopération régionale dans les Balkans occidentaux, et de Plateformes et Panels dans le cadre d'un programme régional, peut être un bon moyen de mettre en œuvre des politiques communes au niveau régional, mais n'a que peu d'effet en ce qui concerne le renforcement de la cohérence des politiques liées au développement du secteur privé et à la compétitivité au niveau national. C'est pourquoi, que l'on qualifie cela d'approche sectorielle ou non, il serait souhaitable d'établir, en collaboration avec les autorités nationales, des Conseils du développement du secteur privé et de la compétitivité, réunissant des représentants de tous les ministères potentiellement impliqués dans ce secteur. Ces conseils concevraient des politiques à mettre en œuvre à la fois sur fonds publics et sur la base de donations.

Les évaluateurs recommandent une application plus stricte des conditions d'implication du bénéficiaire pendant et après l'intervention de l'UE. Ce qui supposerait d'abord d'inclure ces conditions dans les accords de financement, et, ensuite, dans les projets individuels et les fiches d'action suivant les principes accordés aux programmes de soutien budgétaire. La sanction la plus grave dans le cadre de ces programmes est le retrait de certaines tranches de l'aide financière de l'UE, et c'est également ce qui devrait être mis en pratique en cas d'aide non-budgétaire. Les fiches de projets/fiches d'action/documents d'action devraient comporter une section sur les obligations « inéludables » du pays bénéficiaire, avec une description claire des sanctions encourues, comme l'interruption des projets, le gel de la programmation, et même des sanctions financières. Le système ROM actuellement existant peut-être utilisé à cette fin, sans grand changement. Les experts ROM devraient avoir la possibilité de faire figurer dans leurs rapports les sanctions encourues.

Il serait souhaitable que le programme IEVP (ENI) se concentre davantage sur toutes les interventions qui ont des effets directs, tangibles, sur les entreprises. La modernisation légale, réglementaire et fiscale est peut-être d'une importance équivalente, mais on pourrait arguer que, dans les régions de l'IEVP (où n'existe pas de facteurs d'adhésion à l'UE), c'est là essentiellement la mission des autorités nationales. On pourrait obtenir des effets rapides en se focalisant sur le secteur des affaires et leur environnement immédiat (organisations d'aide aux entreprises, consultants privés).

Il serait souhaitable d'enquêter pour savoir comment les instruments financiers existant pourraient être élargis aux micro-entreprises ayant besoin de micro-crédits. Le Fonds européen pour l'Europe du Sud-Est a une action dans ce domaine, mais environ un quart des micro-crédits sont consentis à des ménages privés, en vue de satisfaire à des besoins domestiques. Il n'existe aucun dispositif comparable pour la région de l'IEVP Sud.

Sur la base des résultats de cette évaluation, la recommandation au sujet des questions transversales va de soi. L'environnement, le changement climatique, l'égalité des sexes sont des questions prioritaires dans l'ordre du jour de l'UE, mais ne parviennent pas toujours à se mettre en œuvre dans les plans et programmes. Deux options sont conseillées, qui ne sont pas mutuellement exclusives.

La première consiste à prévoir, pour chaque année de programmation et dans chaque pays, au moins un projet centré sur les questions environnementales en rapport avec le développement du secteur privé et de la compétitivité, un projet centré sur la question du changement climatique en rapport avec le développement du secteur privé et de la compétitivité, et un projet dédié à l'entrepreneuriat féminin ou à tout autre aspect de l'égalité des sexes. Certaines raisons portent à croire qu'il vaudrait mieux que de tels projets soient menés au niveau régional.

La deuxième option consiste à consolider l'intégration des questions transversales dans les interventions de l'UE, en introduisant des « audits pour l'environnement, le changement climatique et l'égalité des chances », réalisés par une unité spécifique ou par une institution extérieure indépendante sur tous les

programmes et tous les documents portant sur le marché public. Cet audit aurait également pour tâche de réaliser des indicateurs transversaux à utiliser tout au long de la mise en œuvre du programme.

Si l'on suppose que les indicateurs de développement du secteur privé et de la compétitivité se sont améliorés de façon conséquente – comme cela a été rapporté par la Direction générale du voisinage et des négociations d'élargissement (DG NEAR) –, il est conseillé d'intégrer minutieusement ces indicateurs dans les rôles des autorités nationales.

Le système de coordination nationale de l'IAP (NIPAC), mis en place dans les pays de l'IAP, fournit déjà une telle intégration, ou du moins est-ce supposé. Les institutions de coordination nationale dans les pays de l'IEVP ne jouissent pas de responsabilités aussi clairement établies. En conformité avec la recommandation R05, ce suivi (avec sa qualité, sa fréquence, sa substance) devrait devenir une condition préalable aux accords de financement, assorti d'un système de sanctions.

Quant à l'accès aux financements, il serait souhaitable que la Commission prenne en charge des études régulières nous renseignant sur ces interventions, quant aux besoins financiers, répartis selon le pays, le type et la taille des outils de financement, les secteurs prioritaires, le type et la taille des entreprises les plus demandeuses de financements externes, et leur situation géographique dans le pays. Ces études auront de nombreux effets positifs, permettant entre autres une allocation précise des fonds régionaux (NIF, WIB EDIF) aux pays, adaptée aux véritables besoins.

Il est conseillé de s'assurer que, dans chaque pays, des réseaux de banques partenaires des institutions de financement internationales soient partie prenante, de sorte que chaque entrepreneur de TPE ou de PME (qui, d'ordinaire, fait des affaires avec une seule banque, située dans sa commune) ait accès à tous les instruments, et non simplement à ceux que propose sa banque.

Il est conseillé de consacrer 80% du budget destiné à la visibilité pour organiser la visibilité dans chaque pays, là où elle compte le plus, et de conserver le reste pour la visibilité des projets individuels (20% sont requis pour quelques actions de visibilité directement liées aux projets). Ce principe ne vaut pas uniquement pour le développement du secteur privé et de la compétitivité, mais dans tous les domaines. Il convient également de faire appel à un organisme professionnel du pays pour concevoir des sites Web standardisés pour tous les projets, les mettre à jour, et assurer leur interconnexion. L'entreprise réalisera les modèles standard et les formats pour les prospectus, dépliants, supports de formation, dossiers de presse, à utiliser sur les différents projets. Elle créera et mettra à jour des listes d'adresses pour la distribution des matériaux de visibilité. Elle organisera les conférences de presse, les interviews radio et télévision portant sur les projets individuels, en s'aidant de ses contacts avec les médias. Une autre de ses tâches sera de s'assurer que tous les rapports techniques (sauf confidentiels) soient téléchargés sur une base de données, de préférence régionale. De l'expérience des évaluateurs, de nombreux rapports techniques se retrouvent entre les mains d'un nombre limité de personnes ou d'institutions, et sont difficiles d'accès pour les autres participants. Cet état de fait entraîne la reproduction des mêmes études, des mêmes évolutions des besoins en matière de formation, les programmes de formation et les mêmes présentations. D'importantes économies sont à faire en ce domaine.

1. OBJECTIVES OF THE EVALUATION

The overall objective of the assignment is to shed light on results of past interventions of the EU in support of SME development in the regions concerned as well as to judge whether the new approach developed for supporting competitiveness is well suited and reflected in new programming. It will also provide inputs for the Mid-term review of the Union's instruments for financing external actions (IPA II and ENI) to be finalised by December 2017. It will do so through an ex post mixed thematic evaluation on SME competitiveness, including some remarkable practices of budget support on PSD/Competitiveness in the neighbourhood regions. Recommendations should be delivered for actions to improve the performance of the programmes in the 2018-2020 programming period.

There are two specific objectives. The first is to provide a judgment on the performance of the PSD/Competitiveness programmes and projects along the lines of the DAC-criteria relevance, efficiency, effectiveness, impact and sustainability, complemented by the criteria coherence and EU added value. All criteria are to be analysed at the programming level and at the implementation level.

The second specific objective is to provide relevant operational recommendations concerning (a) future programming of EU assistance, (b) cooperation with other actors, (c) key policy priorities within PSD/competitiveness and its sub-sectors, (d) cross-cutting issues, such as environment and climate change and equal opportunities, (e) areas that do not require the involvement of EU assistance because they are sufficiently covered by other donors, (f) improvement of the monitoring and evaluation frameworks, (g) possibilities for strengthening thematic support on PSD/competitiveness through DG NEAR centres of expertise. In view of the high complexity of the assignment, work being carried out towards this second objective has tried as much as possible to contribute to enriching the findings of the first objective, taking into account the very different national socio-political, economic and institutional contexts.

2. CONTEXT AND SCOPE OF THE EVALUATION

2.1 DEFINING PRIVATE SECTOR DEVELOPMENT

Private Sector Development is a very wide concept. It was decided to focus the evaluation on areas that directly support SMEs and intermediary organisations, while keeping in mind the differences between macro, meso and micro interventions. This has resulted in the selection of the following intervention areas:

| | |
|--|---|
| Access to finance – financial instruments | Research and Development and Innovation |
| Access to finance – Technical Assistance | Intellectual, industrial, commercial property rights |
| Improving business environment (including regulatory guillotine and reliable banking system) | Trade enhancement, WTO, DCFTA, internationalisation of SMEs |
| Non-financial support to SMEs | Support to increasing investment flows |
| Support to intermediary institutions | Cluster development |
| Support to (hard) business infrastructure | Support to social entrepreneurship |

No other intervention areas were included in the evaluation.

2.2 METHODOLOGY

In line with the ToR and the Inception Report, the evaluation was divided over (1) a desk phase; (2) a field phase; and (3) a synthesis and reporting phase. Their contents were described in administrative reports and will not be repeated here. It is however important to note that the evaluators have added some features to the approach. In the first place, two surveys were carried out, one among SMEs and one among relevant institutions. The results are laid down in two separate reports (Annex 7.6 and Annex 7.7) and are integrated in this final report.

Secondly, the field phase was enriched with focus group sessions. It was envisaged to hold one focus group session in each country on the topics of “consistency” and “EU value added”. Typical members of such focus groups were EUD, Ministry in charge of PSD/Competitiveness/SME, local representatives of international institutions, BSOs, Chambers of Commerce and IFIs. In actual fact, such focus group sessions took place in Armenia, Egypt, Moldova and Bosnia and Herzegovina. In the other countries, the response to invitations turned out to be insufficient. For the focus group meetings, a document was produced by the project introducing the evaluation, explaining the purpose of the focus group session and describing the topics and statements to be discussed, together with an outline of the specific EQs. The results of these discussions are incorporated in this report.

3. MAPPING OF ASSISTANCE

All annual programmes for the three regions and eleven countries have been studied in order to identify EU interventions aimed at PSD/Competitiveness. The result as depicted in this chapter can only be a rough approximation. The inventory of projects and their attribution to a certain programming year proved to be a major challenge. Various titles are used for one and the same project, action fiches often do not describe projects but global interventions, to be detailed out later, budgets are sometimes divided over two or more programming years, and PSD/Competitiveness interventions may be combined in one programming document with interventions covering a different sector. Three regional programmes and eleven country national programmes received, in the period 2010-2015, EU allocations of around EUR 7,810 million in total. This concerns all sectors. During that period, some EUR 788 million (10 %) were allocated to the sector PSD/Competitiveness as defined for the current evaluation. The table below gives details per region. For detailed information on the interventions, we refer to the tables in Annex 7.5.

X EUR 1 million

| Year | IPA | | ENI EAST | | ENI SOUTH (*) | | ALL | |
|---------------|--------------|------------|--------------|------------|---------------|------------|---------------|--------------|
| | Total | PSD | Total | PSD | Total | PSD | Total | PSD |
| 2010 | 1,216 | 100 | 322 | 25 | 338 | 82 | 1,876 | 207 |
| 2011 | 1,386 | 138 | 218 | 11 | 759 | 204 | 5,974 | 703 |
| 2012 | 1,435 | 154 | 452 | 34 | | | | |
| 2013 | 1,422 | 153 | 302 | 9 | | | | |
| 2014 | 1,150 | 158 | 247 | 39 | 1,032 | 508 | 3,858 | 837 |
| 2015 | 1,203 | 86 | 226 | 47 | | | | |
| Totals | 7,812 | 788 | 1,767 | 165 | 2,129 | 794 | 11,708 | 1,746 |

(*) Some multi-annual figures are estimated due to lack of accurate annual data; No PSD-specific data for the period 2012-2014 in Egypt.

There are vast differences between the countries as concerns their allocations to the PSD/Competitiveness sector relative to total EU allocations. With 1.7 %, Montenegro and Albania are at the lowest level, while Algeria is the champion with 36% of total EU funding allocated to PSD/Competitiveness. For the rest, the percentages are between 5 and 10, with only Macedonia at a relatively high level of 15%. There is no clear explanation for these differences; at any rate, they do not depend on geographical location, since all three regions exhibit the same picture. A correlation between national strategies and allocation was equally not found. Among the regional programmes, the differences are also significant. IPA devotes 28% of its budget to PSD/Competitiveness; for ENI East this is 11% and for ENI South, 37%. Of course, the PSD/Competitiveness sector cannot be isolated from other important sectors, but the question remains why these large differences exist.

4. EVALUATION FINDINGS

PSD/Competitiveness programmes in three regions and eleven countries have been subjected to evaluation. The findings are divided over 30 judgment criteria formulated for a total of 20 evaluation questions. It is important to note that the intensity of the evaluation has varied over countries. In each of the ENI Regions, two countries were selected for in-depth evaluation; in these countries, four to five sample projects were taken into consideration. For the IPA region, the approach was slightly different: all country programmes were scrutinised, but individual projects were sampled in only two countries. Methodologically, the findings are written up for each judgment criterion, since this represents best the underlying issues related to each evaluation question. In some cases, the evaluators have deemed it prudent to present their findings for more than one judgment criterion simultaneously, since separate treatment would merely lead to repetitions.

4.1 INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA)

4.1.1 Relevance

EQ01: How relevant is the EU assistance in view of the priority needs of the countries in the regions?

Judgment criterion 1.1 – *The objectives and priorities of EU assistance are in line with the policy/development frameworks for the PSD/Competitiveness sector in the partner countries in particular in terms of the needs for financial and non-financial support to enterprises, strengthening of R&D&I, stimulation of FDI and foreign trade, improved business infrastructure and better business environment in general.*

The essential issue here is the existence and content of national strategies. In the framework of this evaluation, an inventory of such policy and strategy documents was made and followed up by a thorough study. Not each selected country has an explicit PSD/Competitiveness strategy but where such strategies

are lacking, there is sufficient information contained in sub-strategies to arrive at clear conclusions. The basic philosophy has been that priorities defined in policy and strategy papers are founded on needs analyses, often laid down in (the weaknesses of) SWOT analyses. The available documents have been scrutinised in order to confirm this philosophy, with encouraging outcomes. Maximum care has been given to base judgments only on strategies that were valid at the time of programming. At the same time, the evolution of strategies (and needs) over time was taken into consideration, when looking at the relevance of programmes and projects. There is in general no shortage of country and sector strategies in the IPA region. However, once they have been produced, stagnation enters the scene. Despite the existence of laudable action plans, implementation of strategies by the beneficiaries is an exception to the rule, except for those parts that are financed by the EU or other donors. Evolution in strategies is many times non-existent, once the first (sector) strategy is made, following strategies highlight the same priorities and measures and only seldom add new insights. It is true that the terminology evolves over time, but this is mainly triggered by changes in EU jargon. Comparison of EU funded programmes with the analysis of country and sector needs is often a self-fulfilling prophecy. Strategy designers are smart enough to thoroughly check the evolution of EU priorities and adapt their needs analyses to these priorities. It is however very seldom that solid evidence-based needs analyses were really carried out. Regional programmes appear to reflect more the policy needs of the Commission than the needs of the countries in the region. The field study corroborates this finding: in the view of the beneficiaries, multi-beneficiary programmes contribute little to actually expressed country needs. It was found by the evaluators that the latter is caused mainly by the fact that too few sector specialists from the countries are aware of the multi-beneficiary programming process and therefore, cannot express their needs. Yet, taking into consideration all information retrieved from documents and interviews, the judgment is that EU programmes and interventions in the PSD/Competitiveness sector are reasonably in line with the needs of the countries, whether expressed formally in strategies or indicated less formally by other sources.

Judgment criterion 1.2 – The quality of design of individual projects/interventions/contracts is adequate in terms of intervention logic and definition of indicators.

For individual projects, the designs usually describe the “pathway to change”, the causal relationships between inputs, activities, outputs, results and objectives. Moreover, the final objective to be reached by the project (the specific objective, or purpose) is given, and if the quality of the design is good, so are the indicators for measuring its realisation. Complex programmes, entailing a multitude of purposes, are more difficult to catch in a logical framework. The IPA instrument is per definition a multi-sector programme, and none of the strategic documents – even at the level of Annual Programmes – include intervention logic specifically for the PSD/Competitiveness sector. What can be said in general terms is that throughout the years, there has been consistency in terms of programme objectives, at both the regional and the national levels. Therefore, and in line with the definition of the judgment criterion above, the evaluation has focused on the quality of design of individual projects. See annex 7.8. for details. The study of project designs has shown that there is a steady evolution in their quality. In the opinion of the evaluators, this shows a steep learning curve on the part of the programmers, especially those within the Commission Services (EUDs and HQ). Objectives, purposes, results and activities improved in terms of their definitions and descriptions, obviously a result of much better analyses of the implementation environment. As of –say – 2013 or 2014, fewer and fewer projects that showed serious design flaws were conceived, although the definition of indicators remains an issue to be further studied. In terms of quality of design, regional projects tend to be less explicit in their results and objectives than the national ones. The evaluators have the impression that several of these projects are not based on a thorough analysis of problems, needs and objectives but rather, that their design was triggered by internal Commission considerations as well as prior negotiations with international organisations on allocations. Although regional actions are consulted prior to approval with all line DGs (ISC) in the EC and with National authorities (NIPAC) and member States (IPA procedure for programmes approval, needs analyses are in such cases made retrospectively to fit interventions already decided upon. Although the terminology has been somewhat adapted to what was in fashion at the time of its formulation, the SEE 2020 Vision of 2012 does not bring anything new as compared to earlier strategies. The needs (weaknesses) identified exist indeed at the level of all WB countries, albeit to varying extent. The regional, multi-country programmes state that their main challenges are to improve access to finance, to promote competitiveness, human resources and competence, and to improve marketing and access to markets. Perhaps with the exception of access to finance, these appear to also be the main concerns of the national programmes. What is lacking is a clear distinction of needs to be tackled through country programmes, and which ones through the multi-country programme. Regional programmes are supporting regional actions which fit all the countries (e.g. SEE2020). They complement bilateral programmes. The basic principle should be subsidiarity, providing the countries with (budgets for) national programmes in all fields that could better be dealt with at their level, while the regional, multi-country programme should limit itself to those issues that – as is faithfully declared in the multi-country programming documents – cannot be addressed with the same efficiency at country level. Therefore, an

explicit analysis of regional needs that cannot be addressed nationally should precede PSD/Competitiveness programming at the multi-country level.

EQ02: To what extent is relevance enhanced through co-ordinated programming of national and multi-country projects?

Judgment criterion 2.1 – *Programming of national and multi-country projects is a co-ordinated process at Commission HQ, EUDs and beneficiaries.*

At the level of programmes, adequate coordination between programmers should lead to both the absence of undesired overlaps or doublings, and the existence of desired complementarities and synergies. The evaluators have searched for overlaps/doublings and synergies in the annual programmes (national and regional), and especially for concrete examples in the individual (sample) projects, of course for the PSD/Competitiveness sector only. A variety of EC documents, such as the IPA programming guide and the MB IPA programming guide, testify to the fact that the Commission Services are aware of the importance of coordinated programming, as well as a clear division in scope between MB and national programmes. These documents confirm that MB Action Programmes are designed to complement the Country Action Programmes, by addressing areas of assistance where there is a clear need for regional cooperation or horizontal action. Coherence (of MB programmes) with Country Action Programmes is crucial. It is furthermore claimed that a system has been implemented to enable the participation of all beneficiaries in the programming process. Sector Plans form the basis for programming and are developed by the IPA beneficiaries and Commission services together with the Regional Cooperation Council (RCC) and in close coordination with other relevant stakeholders.

In Albania, no overlaps were identified between the national projects and multi-country initiatives implemented/under implementation between 2010 and 2015. On the contrary, a high degree of complementarity seems to exist between the programme levels, particularly as regards the EFSE and the WB EDIF. This complementarity, thus the relevance of the interventions, is facilitated by a recently improved donor coordination process.

In BiH, programming of PSD/Competitiveness interventions remains a tentative process as long as authorities cannot agree on one country-wide strategy. In national programmes, the choice has been made for local (business) development interventions, not because this is necessarily the best approach, but rather because other approaches are not feasible. Regional programmes duly complement these national ones. For issues such as business finance, only regional programmes with trade-related interventions and projects aim at access to finance. There are no overlaps identified.

Kosovo: No overlaps were detected and/or reported between national and regional programmes

Macedonia: No overlaps were detected and/or reported between national and regional programmes.

Montenegro: No overlaps were detected and/or reported between national and regional programmes.

Serbia: It is emphasised that the documentation available does not refer to any coordination between programmers or programmes at the two levels, although in some cases reference is made to relevant projects. The evaluators have obtained their information through the interviews, but triangulation was not possible. There is a connection between the Integrated Innovation Support Programme and the WB regional project “development of Western-Balkans research & development for innovation strategy”. Regarding IPR, a regional project (executed by GiZ) has established national market surveillance contact points for the WB; SIDA, EFTA and CEN finance a regional project on quality infrastructure and market surveillance. Serbia works with the PROSAFE organisation (Product Safety Forum of Europe, aiming at improving the safety of users of products and services in Europe), whose actions are primarily funded by the European Commission. Furthermore, IPO was at the time of project design beneficiary to an IPA 2007 regional project on IP rights; the resources under that project were too limited to help Serbia implement all necessary technical assistance or to purchase the necessary hardware. In practice, the output of the regional project was limited to the definition of terms of reference. The 2011 national project was programmed to be the “source for synergy” with the IPA 2007 regional project. In summary, there are no overlaps and even a few potential synergies. For other sample projects, there is no evidence of regional projects dealing with the same or similar topics. Neither the project reports nor the interviews hint at inter-service communication or co-ordination.

Turkey: No overlaps reported based on the documents (evaluations, national programmes, OPs) studied. There is no evidence of regional projects dealing with the same or similar topics as Turkish national projects.

In summary, no concrete evidence could be found on either documents or through interviews about the frequency and format of information exchange between programmers at Commission HQ and EUDs. Neither did the field research produce much encouraging information regarding coordination mechanisms. The latter may indeed exist, but their implementation in practice does not always work out as envisaged. When looking at the sample projects, the conclusion is that the national and the regional ones do not negatively affect each other. Concrete, out-right examples of overlaps/doublings were not found and this is corroborated by the study of overall national and regional programmes. National programming deals mostly with country-specific themes. Absence of such themes in regional programmes in itself helps avoid overlaps, but is judged by beneficiaries as one of the significant weaknesses of the regional approach. Objectively, financial instruments promoting access to finance for SMEs are best executed at the regional level, if only because this creates economies of scale, and also easier access to sources of funding. Yet, several countries have recently made the move towards programming financial instruments under their national programmes, which indicates that the regional approach has been insufficiently tailored to their specific needs. One solution is in designing differentiated instruments for specific targets and purposes; this controls the risk of overlaps but also enhances national ownership. Regional projects aiming at policy making score low in the perception of beneficiaries; indeed, there are only a few fields that lend themselves to joint policy making. On the contrary, regional projects assisting the regions with trade-related issues (e.g. CEFTA) are highly appreciated, in particular when they aim at establishing regional systems and structures to facilitate trade. There is a strong need for better communication and exchange of information between regional and national programmers within the EC services. It is therefore not surprising that interventions at the regional level regularly by-pass the EUDs to an extent that undermine the credibility of the EUDs and ultimately the EU vis-à-vis the national authorities. It is emphasised that – perhaps with the exception of financial support programmes for SMEs, the evaluators did not find concrete evidence of conflicts or overlaps between regional interventions on the one hand, and national on the other. Yet, the overall impression is that regional projects add no or too little value to national programmes. A problem often mentioned in the field is that implementers of regional projects are foot-loose, not attached to any of the countries in the region. Their contributions are therefore perceived to have more of an academic than a practical nature.

4.1.2 Efficiency

EQ03: To what extent is the preparation of interventions managed adequately?

Judgment criterion 3.1 – *The process of preparation of contracting documentation does not show avoidable delays.*

Project fiches, action documents and action fiches should state the expected timing of contracting (or, in some cases, of launch of procurement). It should therefore be relatively easy to ascertain whether contracting was “on time”. However, this is not the case, as shown by the table below. For the IPA region, no systematic source of information was found to retrieve dates of financing agreements; and those dates are the baseline for procurement plans. The essential point is that the evaluators do not have sufficient information to make a judgment. Yet, a general conclusion is that, even after so many years of experience, programmers remain overly optimistic about procurement procedures, although programmers at the Commission’s HQ tend to be more realistic than those at CFCUs, CFCDs, relevant Ministries and EUDs in the countries. Where beneficiaries (in general government agencies and ministries) are responsible for preparing procurement documents, such as ToRs and technical specifications, their persistent lack of experience results in below-quality documents, going back and forth many times between them, CFCU and EUD. This is an almost insolvable problem given the high turnover of staff at beneficiaries and the lack of staff at government institutions responsible for EU projects. See for details Annex 7.8.

EQ04: To what extent is the implementation of activities managed adequately?

Judgment criterion 4.1 – *The activities are implemented, and outputs are delivered, as scheduled.*

This judgment criterion can only be answered at the level of individual projects, mainly because annual programmes do not have concrete delivery schedules. Project progress reports and minutes of steering committee meetings provide – insofar as available – reliable information on the timing of activities and outputs, but some further study was needed to understand whether they were of adequate quality. ROM reports did help, but are only rarely available. The field visits were used to obtain the opinions of EUDs, beneficiaries and in some cases, representatives of the final target groups. Detailed information on individual projects can be found in Annex 7.8. There are many factors, external and internal, that can cause delays in the execution of activities and hence, the delivery of outputs. Many such factors were observed in the sample projects. Overall, in all countries, in all regions, the evaluators have only found minor issues related to implementation efficiency, most of them related to three types of factors:

- Administrative issues and/or difficulties in transposing/conciliating e.g. EU and national financial regulations;

- Budgetary rearrangements (most if not all of the times with no change in overall budget implications) to better fit implementation needs and evolving implementation landscape;
- (to a minor extent) Need to extend project duration (most if not all of the times with no budgetary implications) due to e.g. problems in finding the right expertise at the appropriate time or less institutional/absorption capacity at the beneficiaries' level.

Despite this, the evaluators are satisfied with the efficiency of project implementation. Where problems occurred, the contractor and the beneficiary were capable to jointly find solutions.

EQ05: How well did national projects mutually, and national and multi-country projects aimed at enhancing PSD/Competitiveness interact to reach the EU policy objectives?

Judgment criterion 5.1 – *Individual project experts have regular contacts with their peers in other projects.*

This judgment criterion is informed first and foremost by interviews with staff of “live” projects. Lacking this (because the project is completed, or staff was not available) the project progress reports were used as sources. However, such reports may mention interaction, but as a habit do not enter into details on frequency and depth. For this reason, the evaluators have decided for a general description rather than entering into project details. The EBRD BiH project has mobilised SEECEL for a training needs analysis among SMEs in the SEE region, and some type of partnership has emerged. The team of RSDEP 2 liaised with a parallel project on regional policy development but whether this has led to any synergies is not reported. RSDEP also worked with two other projects (ICIP and SECEP) on cluster development, training of RDAs and expansion of actions to other regions. The NGCI project reports that whilst always invited, the EUDs would most times either not participate, or do so at a low technical/decision-making level, which made it difficult to efficiently and effectively interact for better co-ordination with other EU-funded programmes and projects, particularly at each individual country level. EU policy objectives are clearly formulated in many policy and strategic documents; yet, it became clear that project teams had difficulty recognising policy objectives that are not directly connected with the project they are implementing. It happens that project implementation teams are often absorbed by their own day-to-day priorities and concerns and do not invest sufficient time and effort in cross-fertilising and mutually leveraging project activities, results and effects, even if programming documents tend to always mention such interest and list other interventions (including from other donors) with which linkages should be nurtured and explored.

Judgment criterion 5.2 – *Beneficiaries have established project-related working relations with beneficiaries of other projects.*

Judgment criterion 5.3 – *Beneficiaries succeed in capitalising on synergies between national and multi-country programmes.*

These two judgment criteria were combined after the analysis of the outcomes of document study and field visits. The Institutions Survey shows that interaction and/or establishment of working relations with other PSD project(s) and/or respective beneficiaries was high among respondents. In the IPA region, almost 100% of the responding institutions declare some kind of working relationship with other projects in the field of PSD/Competitiveness. This finding is not corroborated by the desk and field research, which did not yield any evidence regarding interactions among project or programme beneficiaries. As far as they did have knowledge of their existence, they discarded them as irrelevant. The evaluators acknowledge that this is a disappointing finding and can formulate no other explanations than that (a) there is still much work to do to make multi-beneficiary programmes clearly visible among stakeholders and (b) more effort is needed to fine-tune multi-beneficiary projects with those under national programmes. Meetings held during field visits gave the impression that insofar regional projects are present in the countries, the EUD provides information regarding these programmes and their activities. In a few cases, information meetings are organised by national institutions such as the Ministry of Economy, the Ministry of Industry etc. These meetings offer examples and relevant national institutions endeavoured to the spreading of information. It was argued that the added value of regional programmes is the creation of relations between enterprises and institutions – without the regional programmes the contacts would not be maintained. Hence, contribution to regional integration is ensured. Budget of these projects is however weak and thus very little perceived by local stakeholders in terms of direct benefits. These considerations deal, in the evaluators' view, much more with “standard” EU regional programmes and projects than with those funded through e.g. blending instruments.

EQ06: How can programming of support to SMEs projects be improved to achieve strategic objectives more effectively and efficiently?

Judgment criterion 6.1 – *Degree of programme adequacy to effectively and efficiently achieve strategic objectives.*

To answer this EQ and the related judgment criterion, it is first necessary to know what the strategic objectives that have to be achieved are. This is by no means a simple task. The evaluators have therefore systematically studied the strategic context of EU assistance to the IPA region. This begins with the overall external policy goals of the EU, which are to promote its values and interests by operating at one and the same time as a key global economic and political player, using various instruments including the external dimensions of the EU's internal policies. The EU strives in particular to promote democracy and human rights, in addition to prosperity, solidarity, security and sustainable development worldwide. In providing financial assistance, defining the right "policy mix" is of the utmost importance for the EU. This means that, in order to achieve the EU's strategic external relations objectives, consistency of policy needs to be ensured between all available instruments dealing with a given region. At the highest level, the objectives of the EU's internal policies are laid down in the documents "Europe 2020 - A strategy for smart, sustainable and inclusive growth", and the Small Business Act. These are basically strategies aimed at member states but also fully apply to (potential) candidate countries. One rung lower on the strategy ladder is the EU Enlargement Strategy, overall as well as for the individual countries. Objectives for the IPA instrument as a whole are to:

- foster peace and stability in regions close to the EU's borders
- help improve the quality of people's lives through integration and cooperation across borders
- increase prosperity and opportunities for European businesses and citizens
- guide, support and monitor changes in countries wishing to join the European Union in line with EU values, laws and standards.

This set of objectives is operationalised for each country separately as follows.

Albania

Overarching strategic documents for EU support to Albania are the MIPD 2009-2011, the MIPD 2011-2013 and the Indicative Strategy Paper for Albania for the period 2014-2017. National programmes (up to 2013) and annual Action Programmes (for the years 2014-2015) are based on one or more of these documents. EU priorities in the MIPD 2009-2011 and the MIPD 2011-2013 for Albania are: support for institution building and meeting the political criteria (in particular in the area of rule of law and notably the fight against corruption and organised crime), support for addressing the economic criteria and ability to assume the obligations of membership, support for addressing the requirements of the Stabilisation and Association Agreement. For the years 2011-2013 EU support focused on the sectors Justice and Home Affairs, Public Administration Reform, Transport, Environment and Climate Change, Social Development and Agriculture and Rural Development. PSD/Competitiveness as a strategic priority makes its appearance for the first time in the National Programme 2013, namely under the heading "promote the development of the SME sector and its architecture of local advisory services for business management and external financing." From 2014 onwards, the Indicative Strategy Paper for Albania 2014-2020 (CSP) for the period 2014-2017 is the basis for the programming of EU assistance. Among the eight priority sectors of intervention to be financed by IPA, Competitiveness and innovation has received a prominent place. Out of the total multi-annual allocation of EUR 650 million, close to 7% are dedicated to this sector. Yet, no intervention in this sector was programmed in the years 2014 and 2015.

Bosnia and Herzegovina

BiH's 2011 IPA national programme includes three sector objectives, namely (1) improve the institutional and legal framework and the coordination and harmonisation of SME related policies; (2) advance the implementation of the Small Business Act, stimulate innovation and increase competitiveness in growth sectors; and (3) increase the role of the private sector in the economy, create a better business environment, strengthen the business support infrastructure and services in particular at local level and improve the conditions for land management and land market development. Support to PSD/Competitiveness – two projects only – would occupy 11 % of the overall IPA allocation. Priorities in the 2011 national programme were to improve capacities at State- and Entity-level, in particular of key institutions such as the Institute for Intellectual Property Rights, the Indirect Taxation Authority, the Competition Council, while in 2012, the focus was on assistance to the State Aid Authority and the SME Department in the Foreign Investment Agency. In the 2013 national programme, the 2011 and 2012 priorities were reiterated and complemented with the priority "to advance the implementation of the Small Business Act, stimulate innovation by SMEs and increase competitiveness in growth sectors". This resulted on one or more projects to directly improve the competitiveness of SMEs. From 2014 onwards, the Indicative Strategy Paper for Bosnia and Herzegovina 2014-2020 (CSP) for the period 2014-2017 is the basis for programming of EU assistance. Since BiH has few country-wide strategies and no functioning EU coordination mechanism, only a few sectors were selected for assistance, among which Competitiveness and Innovation. Of the total allocation of EUR 40 million, 62% is directed towards competitiveness and innovation through supporting local development strategies. The 2015 annual programme did not include allocations to the PSD/Competitiveness sector.

Kosovo

Overarching strategic documents for EU support to Kosovo are the MIPD 2009-2011, the MIPD 2011-2013 and the Indicative Strategy Paper for Kosovo for the period 2014-2017. Priorities of the national programme for 2010 are many; the ones related to the PSD/Competitiveness sector is to contribute to regional economic development through stronger RDAs, better local social and economic infrastructure and local governance. In the following year (2011) many of the priorities stayed the same; the relevant ones are to improve business environment, to attract investment, stimulate growth and the creation of formal jobs. Concrete objectives were to support regional economic development and to strengthen the administrative capacities in the sector of intellectual property rights. Priorities of the national programme 2012 were roughly identical, with for the PSD/Competitiveness sector to improve business environment, to attract investment, stimulate growth and the creation of formal jobs and to support balanced regional development. Also in 2013 the priorities were maintained: to improve business environment, to attract investment, stimulate growth and the creation of formal jobs; trade and private sector development; and balanced regional development. From 2014 onwards, the Indicative Strategy Paper for Kosovo (CSP) for the period 2014-2020 is the basis for programming of EU assistance. Competitiveness and Innovation are a substantial part of it, with an allocation of EUR 135 million out of a total of EUR 645.5 million. Priorities AAP 2014 are based on the Strategy Paper for Kosovo for 2014-20, namely 1) democracy and governance; 2) rule of law and fundamental rights; 3) energy; 4) competitiveness and innovation; 5) agriculture and rural development. Objectives AAP 2014 are to strengthen regional economic development in Kosovo through increased capacity of Kosovo regions to attract domestic and external investment; to increase the quantity and quality of social and business-related infrastructure in municipalities throughout Kosovo; to increase the competitiveness of micro, small and medium-sized enterprises. Finally, for 2015 the national programme does not include measures aimed at the PSD/Competitiveness sector.

Former Yugoslav Republic of Macedonia

Related to PSD/Competitiveness, the Former Yugoslav Republic of Macedonia, as a candidate country, needs to align its regulatory systems (legislation and related enforcement) with the *acquis* in order to be able to fully participate in the internal market at the time of accession. This annual programme will support one project representing 4% of the total budget. IPA action programme 2014: the sector competitiveness and innovation is addressed through one action in the area of local and regional competitiveness.

Montenegro

The objectives of EU support to Montenegro are laid down in the MIPD 2009-2011, the MIPD 2011-2013 and the Indicative Strategy Paper for Montenegro for the period 2014-2017. National programmes (up to 2013) and annual Action Programmes (for the years 2014-2015) are based on one or more of these documents. The IPA 2010 national programme covering economic criteria focuses on support for transport and environmental infrastructure and on social inclusion. The only action related to PSD/Competitiveness is co-financing of entry tickets for FP7 and CIP. The same applies *grosso modo* for the 2011, 2012 and 2013 national programmes. The IPA II 2014 Action Programme includes the PSD/Competitiveness sector; related objectives are to improve the business environment and to support Montenegro in aligning and implementing the EU *acquis* related to financial services and internal market. There are no PSD/Competitiveness-related objectives in the 2015 national programme, except for the co-financing of participation in COSME and H2020.

Serbia

Overarching strategic documents for EU support to Serbia are the MIPD 2009-2011, the MIPD 2011-2013 and the Indicative Strategy Paper for Serbia for the period 2014-2017. Over the period 2007–2013, the competitiveness and innovation sector has been one of the largest recipients of international assistance to Serbia. IPA support focused in particular on the effective operation of markets; improving the quality, range and availability of business support services, export innovation within small and medium-sized enterprises (SME) and technology transfer. The 2010 national programme defines the objectives under political criteria, socio-economic criteria and the ability to assume obligations of membership. PSD/Competitiveness-related objectives are to support South and South West Serbia, to foster integrated innovation support and to prepare the navigability of the Danube River. The 2011 national programme specifically focuses on public administration reform and social development. Yet, the PSD/Competitiveness sector is also object of the programme, in the form of support to socio-economic development in the Danube Region. The 2012 national programme priorities are to strengthen justice and home affairs, social development, and environment. Since in those days, work was underway to create a sector-wide programme for PSD/Competitiveness, this sector received limited attention. 2013: The IPA 2013 national programme has as its main goals related to PSD/Competitiveness to overcome the economic crisis and achieve sustainable growth as well as to increase Serbia's integration,

competitiveness and export potential in the European market. Operational objectives are to reduce regulatory and administrative obstacles for doing business, to support the National Quality Infrastructure system; and to support research and innovation and technology transfer. The 2014 IPA national programme is divided over two strategic pillars, namely democracy and rule of law, and competitiveness and growth. Objectives under the latter are to develop a proper management and funding system for the implementation of financial instruments; to establish business incubators to provide high value services to SMEs, to commercialise SME research on new products and services; and to improve the capacities of market operators and regulators. The national programme for 2015 does not aim at support to the PSD/Competitiveness sector, with the exception of the standard support to participation in EU programmes (such as COSME and H2020).

Turkey

Designed on lessons learned from previous experiences with EU pre-accession support programmes, IPA adopts a more strategic approach by setting up Operational Programmes, as it is the case in the EU Member States under the EU Cohesion Policy. The Regional Competitiveness Operational Programme (RCOP) in Turkey, as in other candidate countries, is one of the OPs implemented under IPA I Component III, Regional Development, next to OP Transport and OP Environment. Together with OP Human Resources Development (under IPA Component IV), these programmes implement the Turkish 2007-2013 Strategic Coherence Framework. The PSD/Competitiveness is covered partially by TAIB component I of IPA I (the EU funds broadly allocated upon transposition and Implementation of the acquis – with 35-55% out of the total budget for the first component) and mainly by Regional development component III (including also component IV for HR Development in accordance with the EU IPA I assistance) and in accordance with the 9th National Development Plan with financial allocations for Regional Competitiveness up to - 25-35% out of the total budget for the third component of IPA I. From 2014 onwards and based upon the development of the 10th National Development Plan (NDP10) for Turkey, the PSD/Competitiveness sector fully falls under the SOP for Competitiveness and Innovation 2014-2020. In this respect, as the first step, MoSIT took the initiative to discuss new financial instrument project ideas with EBRD that will make contributions and coincide with the goals and ambitions of the 2014-2020 programmes. Moreover, within the period of 2015 and onwards, Sector Operational Programme will seek cooperation opportunities with International organisations such as UNDP, UNIDO, World Bank, etc. Further consultation with IOs and IFIs will be carried out once the Operational Programme is adopted by the EU Commission. If the Turkish authorities and the EC agree to set up Turkish Investment Programme (TIP), inclusion of the Competitiveness and Innovation sector to the TIP can be considered to increase financing capacity for investments in the sector through establishing finance facilities for venture capital (innovation and expansion stages), credit guarantee schemes, and loan programmes.

Regional (MB) programme

The strategic and programming documents produced by the EU in the period 2010-2015 show a clear increase of emphasis on private sector development and competitiveness. The 2010 MB programme had an overall budget of EUR 87 million but included no projects vectoring in on PSD/Competitiveness. In the 2015 MB programme, there are four PSD/Competitiveness projects/actions, with a budget allocation almost EUR 30 million, or 24% of the overall programme budget of EUR 123 million. EU policies and strategies are described in the successive MIPDs, in the IPA MB programme for the period 2007-2013, in the EC's Sector Plan for PSD 2011-2013 and in various other documents that were not or only cursorily scrutinised by the evaluators. A certain trend can be observed. In 2010, the notion was that "Private sector development and improvement of the investment climate are the major conditions for the overall sustainable development, stability and prosperity of the region". It was maintained that a well-functioning public sector with social security, with a predictable legal framework and with good conditions for SMEs, would encourage business start-ups and development of entrepreneurship. Infrastructure development should not be forgotten since its existence is a precondition for PSD. In 2009, the region's competitive edge was low labour cost and export concentrated on commodities of lower value. This – so it was stated – is not sustainable in the long term. SMEs must "climb" the value chain by increasing the technical content in the products and aim for more completed manufactured goods and more knowledge intensive services. Competence and pure workforce skills do not meet the needs of the industry in the region. It is even more challenging to meet future needs. The 2010 MB action programme is around EUR 87 million in size. It is based on the MIPD 2009-2011. It is a confusing document, quoting as priority axes political and economic criteria, but not explaining them. No PSD/Competitiveness-related project is included in the programme. For 2011, the action programme has a total budget of EUR 144 million. Again, the MIPD 2009-2011 lays at its basis. Private sector development is one of the seven priority sectors. For PSD, four projects were programmed (among which the WBIF and a project for quality infrastructure – not the topic of this evaluation) with a total value of EUR 35 million. Although in actual fact WBIF supports mainly transport, environment and energy infrastructure, the 2011 PSD allocation was substantial. The 2012 MB

action programme, based on the MIPD 2011-2013, has an overall budget of around EUR 109 million. Private sector development is no longer a separate sector, but is merged with transport and infrastructure. The total sector budget is EUR 52 million of which the evaluators think to have identified 2 million for PSD (the EIF). For 2013, the action programme has a total budget of EUR 121 million. Of this amount, EUR 73 million is allocated to the (merged) sector PSD, transport and infrastructure. A very substantial amount (EUR 47.3 million) is reserved for replenishing of EDIF funds, for the SEECCEL project and for a new initiative called "Next generation competitiveness". The 2014 MB action programme, based on the multi-country indicative strategy paper 2014-2020, has an overall budget of EUR 153 million. The terminology changes: projects are from now on called "actions". For CETA, clearly a PSD/Competitiveness-related action, around EUR 3.5 million is reserved, while EUR 29 million is allocated to EDIF. Finally, under the 2015 MB action programme, with a total budget of EUR 123 million, the PSD/Competitiveness sector is supported by a hybrid project on economic governance and competitiveness (EUR 17 million), a project on technology transfer (EUR 1.5 million), EDIF (EUR 5 million) and replenishing of the Green for Growth fund (EUR 9 million).

IN SUMMARY

The evaluators observe an evolution in EU support from a project-based approach to a sector-based approach. IPA countries, although often reluctantly, follow this shift because they see its wisdom against the background of future EU-accession. The observations in the field indicate that the EU has not yet succeeded in fully clarifying the advantages of a sector-based approach to the beneficiary countries. Ownership of the concept is lacking; most beneficiary countries regard it as an obligation imposed by the EU. On the other hand, there are several cross-cutting fields, such as innovation, technological development, financial management (to which investment readiness may be linked), internationalisation (exports but not only) capabilities and strategic management, which are not necessarily best addressed under a pure sector-based programming strategy. An intelligently mixed approach might in many cases induce increased ownership and higher returns in terms of effects, impacts and ultimate sustainability potential. It is widely thought that the sector approach presents a powerful opportunity for mainstreaming a number of cross-cutting issues. When the dialogue starts from the design of a sector strategy, it is possible to mainstream them to the policy framework, reform results targets, action plans, M/E systems. The Institutions Survey shows that in all three regions, institutions consider "exchange of information" as one of the best means to further the realisation of EU policy. The second preference is "exchange of contacts" for respondents in IPA countries. The institutions in all regions view "co-funding of actions" as a less effective type of interaction. Regional, inter-regional (ENI-wide) and national programmes appear to be largely isolated, stand-alone (ad)ventures. The evaluation has shown that they do not negatively affect one another, but synergies are rare, at least as far as mutual leveraging effects are concerned. The best element of regional programmes consists in its financial instruments. Thanks to the scale of operations, they manage to attract the necessary public and private capital to finance large investments, not only in infrastructure but also – many times through local banks or other regional/local players – in the private sector. Regretfully, the general opinion (registered during field work) is that initiatives such as regional entrepreneurial learning, regional policy development, regional councils, joint policy development, etc. do not succeed in fostering ownership at the national beneficiary level. There remain initiatives that do benefit from a regional approach; CEFTA and the earlier mentioned financial instruments are good examples. Finally, the listings of IPA national programmes above show a great ambition on the part of the EU to solve as many as possible of the problems and needs in the countries. Yet, the real actions that can be financed each year appear by far too few to realise even a fraction of the strategic objectives. In that sense, the EU programmes per definition cannot be adequate to achieve strategic objectives. Perhaps it would be wise to narrow down the scope of EU interventions to a manageable range.

EQ07: What was the most efficient approach in the various projects? And why was it better? How was the programming different vis-à-vis the other projects?

Judgment criterion 7.1 – Timeliness and quality of outputs and results.

The answers to evaluation question 04 provide insight in the timeliness and quality of outputs and do not require rehearsal here. In order to achieve results, however, active involvement of beneficiaries is required. For instance, delivery of a strategy by a project means little if it is not adopted and implemented by the beneficiary country; provision of training courses may be a good project output, but the implementation of the new knowledge is the real result. An analysis of results is given under EQ08 and EQ09 below, and equally does not require rehearsal here. Annex 7.8 describes the underlying causes of success and failure. The institutions survey shows that in terms of timeliness of delivery, the average appreciation by respondents is a bit less positive, with the majority of responses falling in the "reasonable" category. As it happens with effectiveness, there is a slightly higher score for multi-country/regional projects. With regional projects seeming stronger in terms of programming robustness, the most important factors related to design and implementation that are at the basis of successful performance across all countries and regions are:

- Clear design and intervention logic, including “S.M.A.R.T.” character of the indicators set in the Logical Framework (when it exists). This may in some cases be due to insufficient capacity from national/sector Monitoring & Evaluation systems to provide relevant information, in which cases further investing in setting up and sustaining such systems, as a matter of priority, would allow the emergence of more evidence-based policy making and monitoring of results;
- Robust (and properly codified) management & monitoring processes;
- Strong capacity to induce ownership (including participatory approaches);
- Capacity to deliver tangible effects with perceived value for beneficiaries;
- Quality of the implementation teams;
- Capacity to adapt to changing realities.

Those programmes and projects involving mostly financial tools/facilities, particularly when mixed with targeted technical assistance (which is highly valued by beneficiaries and is the case of several interventions of blending nature, are among those showing the most efficient approaches in terms of both efficiency and effectiveness. In relation to more classical technical assistance projects, the level of attainment of the factors listed above depends to a large extent on the quality and professionalism of the teams involved (at design/formulation, implementation, monitoring and evaluation phases), this from all stakeholders, and the rigour and transparency (meaning actual visibility and accountability) imposed to the processes inherent to all the different stages of the project cycle. The more exposed (to outside, even public scrutiny) one is, the better one will perform.

4.1.3 Effectiveness

EQ08: To what extent has EU assistance contributed to tangible improvements in the business environment?

Judgment criterion 8.1 – *Expected results as stated in project designs, related to aspects of the business environment, are realised or likely to be realised.*

Methodological note:

In line with the established methodology (embodied in the evaluation matrix), the evaluation has looked at a few significant features making up the business environment, namely (1) entrepreneurial learning opportunities including women entrepreneurship, (2) regulatory and institutional framework for SME policy making, (3) availability of support services for SMEs, (4) existence of innovation support to SMEs and (5) green economy: availability of services to promote eco-innovation and eco-efficiency among SMEs. These are all dimensions of the SBA.

The survey among SMEs shows that 69% of the companies that have responded experienced an increase in entrepreneurial learning opportunities between 2010 and 2015, induced by the use of any kind of funding source. Furthermore, although the differences between size groups are not large, micro enterprises appear to benefit more from this kind of donor support than small, medium-sized and large ones. The EU is perceived by the respondents as the most effective funding source for entrepreneurial learning, both in general and in relation specifically to women. It is interesting that funding from national budgets is reported to be the second most important source; other donor funding obviously plays a limited role. Of the enterprises who responded to the survey, 27% confirm that they have engaged in some kind of environmentally friendly and/or energy efficiency actions as a result (or by-product) of external funding. For those who did so, the EU is reported decisively as the main source of funding. It must be taken into account that at least 25% of the invested efforts relate to energy efficiency, which is not in itself part of the PSD/Competitiveness sector. The institutions survey carried out under this evaluation indicates that considerable growth has occurred in the number of jobs in business support organisations. The growth rate in IPA countries, however, is only one third of that in other regions. The most plausible explanation for this is that IPA countries started from a higher initial level of employment at BSOs. Detailed findings for the countries and sample projects in the IPA region can be found in Annex 7.8. Information obtained from the surveys points at positive results in this area, brought about by interventions by the EU as well as other donors. The sample projects studied in BiH and Serbia were designed to deliver a contribution to various aspects of the business environment, and they were successful, or are likely to become successful, in delivering the related results. In those (IPA) countries studied where no projects were sampled, evaluators can register the status and at maximum, the pace of recent developments. Causal linkages with EU's PSD/Competitiveness assistance may however not be inferred. As for the regional projects in the sample, the information is somewhat ambiguous. Two out of four have not been designed to work on any of the above-mentioned aspects of the business environment. The other two projects seem to have been moderately successful but fail to report on the details of these successes.

Judgment criterion 8.2 – *Expected results as stated in project designs in the IPA area, directly related to the adoption and implementation of the acquis, are realised or likely to be realised.*

Several chapters of the acquis have a bearing on the PSD/Competitiveness sector. For good reference, they are listed below with short explanations of only those aspects that may impinge on PSD/Competitiveness. Some specific chapters that might also be relevant are not included, since they are not part of the PSD/Competitiveness sector definitions used in this evaluation (e.g. public procurement, competition policy). It is emphasised that the evaluators are no specialists on accession and negotiation issues so it is possible that chapters are included below that have no relationship with PSD/Competitiveness development.

Chapter 1: Free movement of goods

This principle implies that products must be traded freely from one part of the Union to another. In a number of sectors this general principle is complemented by a harmonised regulatory framework. In addition, sufficient administrative capacity is essential to notify restrictions on trade and to apply horizontal and procedural measures in areas such as standardisation, conformity assessment, accreditation, metrology and market surveillance.

Chapter 3: Right of establishment and freedom to provide services

The right of establishment of EU national and legal persons in any Member State and the freedom to provide cross-border services may not be hampered by national legislation. The acquis also harmonises the rules concerning regulated professions.

Chapter 6: Company law

The company law acquis includes rules on the formation, registration, merger and division of companies. In addition, it regulates financial reporting, including simplified rules for small- and medium-sized enterprises.

Chapter 7: Intellectual property law

The acquis on intellectual property rights specifies harmonised rules for the legal protection of copyright and related rights. In the field of industrial property rights, the acquis sets out harmonised rules for the legal protection of trademarks and designs. Finally, the acquis contains harmonised rules for the enforcement of both copyright and related rights as well as industrial property rights. Adequate implementing mechanisms are required, in particular effective enforcement capacity.

Chapter 10: Information society and media

The acquis includes specific rules on electronic communications, on information society services, in particular electronic commerce and conditional access services, and on audio-visual services.

Chapter 20: Enterprise and industrial policy

EU industrial policy seeks to promote industrial strategies enhancing competitiveness by speeding up adjustment to structural change, encouraging an environment favourable to business creation and growth throughout the EU as well as domestic and foreign investments. It also aims to improve the overall business environment in which SMEs operate. EU industrial policy mainly consists of policy principles and industrial policy communications. The implementation of enterprise and industrial policy requires adequate administrative capacity at the national, regional and local level.

Chapter 25: Science and research

The acquis in the field of science and research does not require transposition of EU rules into the national legal order. Implementation capacity relates to the existence of the necessary conditions for effective participation in the EU's Framework Programmes. In order to ensure the full and successful association with the Framework Programmes, Member States need to ensure the necessary implementing capacities in the field of research and technological development including adequate staffing.

Although arguably all sample projects (see Annex 7.8. for details) in one way or another affect the countries' developments towards EU membership, the majority of them do not have this as an explicit objective. This is logical for the IPA region, where acquis-related interventions in the period 2007-2013 were ranked under component 1: Transition Assistance and Institution Building. Only IPR projects and a project on e-business have a direct relationship with the acquis; countries need to have their IPR legislation, institutions and enforcement systems in order before they can access. All those projects have been strongly successful in preparing the countries for accession, in their line of business.

4.1.4 Impact

EQ09: To what extent has EU assistance contributed to tangible improvements in access to services and in performance of supported companies?

Judgment criterion 9.1 – *Expected results as stated in project designs, directly related to access to services, are realised or likely to be realised.*

Access to services endeavours to measure (1) number of SMEs having gained access to finance as a result of EU-funded projects; (2) number of SMEs having obtained non-financial (soft) support as a result of EU-funded projects; (3) number of SMEs having received assistance from business support organisations as a result of EU-funded projects; and (4) number of SMEs having joined a cluster as a result of EU-funded projects.

In the SME survey, over 3 out of 4 (77%) responding enterprises declared that they received support from the EU, while only 2 out of 5 declared that they benefitted from funding from another donor. Furthermore, there is a positive correlation in receiving national funds with using the EU funds. Both factors together highlight the relevance and the visibility for SMEs of EU funding to Private Sector Development and Competitiveness. Non-financial support benefitted ca. 100 enterprises, against less than 80 for hard support. EU funding was the major source for non-financial support, whilst distribution is more balanced where access to finance is concerned. National (budgetary) funding was pervasive in the case of loan guarantees while other donors were more present in equity capital. It must be noted that this corresponds to the perceptions of the respondents, whilst reality may be different. For instance, what is perceived as a national budgetary source may in fact correspond to a state-managed fund financially supported by the EU and/or other donors. In addition, more than one donor (including the EU) may be involved in e.g. equity funds made available to SMEs in the relevant markets. About two thirds of the respondents confirm having received support from BSOs during the period 2010-2015. In terms of percentage, the highest rate is observed in micro, followed by medium-sized enterprises. Large enterprises are those showing the smallest percentage. In terms of support origin, the EU comes in first, however in the case of micro enterprises the differences among the 3 sources are minimal (with the reserve, made already, that national funding may hide donor origin of the funds used). The survey also shows some positive linkage between age of the company and the percentage of BSO support. This may point to the existence of a learning path, or a maturity level to reach, by SMEs for better benefitting from BSOs' support. Participation in clusters as result of funding was made by more than 25% of the responding enterprises. EU and national funding are clearly the most effective sources of funding for this, with other donors not even being reported in the case of large companies. Medium-sized and micro enterprises are those reporting higher levels of participation. In general terms, the EU is clearly perceived as the major source of non-financial support to SME development, and not so much so in relation to financial support to SMEs. Detailed information on the sample projects can be found in Annex 7.8.

Projects tend in general to deliver, in physical terms, what they promise. It may therefore be concluded that those projects aiming at contributing to achieving improvements in either access to services and/or performance of direct or indirectly supported SMEs have indeed done so. It is however very difficult to measure how these improvements contribute to better performance by MSMEs. It was already noted that the intrinsic quality of the indicators in the upper layers of the log-frames, if they exist at all (see section on Relevance), does not often allow to reliably (i.e. where causal effect may be properly determined) and timely measure such end-user effects. In addition, sustainability of many of the results generated may also be questioned (see section on Sustainability). Many of the service provision instruments/institutions are project-driven and tend to fade over time in quality and quantity. The latter has several causes, of which institutional/Human Resources weaknesses and/or lack of financial sustainability beyond the period of external funding emerge as the most frequent.

All the above leads to a summary conclusion that, whilst expected results directly related to access to services, as stated in project designs, are most of the time indeed realised or likely to be realised, their sustained usefulness to the general universe of the MSMEs in the IPA region is less certain.

Judgment criterion 9.2 – *Expected results as stated in project designs, directly related to SME performance, are realised or likely to be realised.*

The performance of SMEs can be measured in many ways; for this evaluation, the main indicators selected were the numbers of SMEs showing, as a result of EU funded projects, (a) growth in turnover and/or (b) growth in international trade and/or (c) growth in jobs.

The SME survey shows a linear relationship between the companies' sizes and the effectiveness of funding to support growth in turnover. This may be due to a combination of converging factors, for instance capacity to put in practice more effective growth strategies and the likelihood that funding specifically aiming at growth preferably targets larger companies. This tendency is especially visible in

IFI-led interventions, with the exception of those few specifically supporting microfinance. For those companies that did experience growth thanks to external funding, financial support from national budgets (which, as noted before, may sometimes have been misperceived) seems to have been the most effective source, followed by EU funding. Since, however, the above mentioned IFI-led interventions are often part of EU funded blending instruments, it may be concluded that funding initiated by the EU is the strongest among the external sources leading to growth in turnover. The survey also shows that the EU is the most effective and efficient source of funding in support of internationalisation of enterprises. Successful enterprises in terms of growth in international trade in majority attribute their success to concrete EU support, while help from other donors is reported to be less effective and/or efficient. A vast majority of the respondents reported growth in jobs in the period 2010-2015, as a result of external assistance. No clear information was obtained on the sources of funding that were instrumental to this growth. Men scored higher (90% of respondents) than women (70%) although also the latter result is significant. The question was asked whether respondents were aware of growth in jobs in their value chains and the response was tentative. Job increases were assumed but it must be taken into account that respondents apply a level of caution in estimating behaviours of wider groups, for which information may naturally be less accurate. Relevant projects from the sample are described in Annex 7.8.

Comments similar to those made in relation to the previous Judgment criterion also apply in this case, in respect to the quality and reliability of the indicators used to measure impacts and sustainability. Some projects provide clear data on performance improvement in SMEs having directly benefitted from projects' actions. This, being important, does not necessarily mean that a clear and incontestable causal linkage may be established between the actions of any given project and the variation in the performance of respective beneficiary SMEs. Again, in the case of EBRD, some indicators relate to data to be collected one year after completion of relevant intervention, however, it is not clear to which extent such important information may feed overall EU aid's performance analysis and evaluation. And in some cases being reported, such information either does not integrate divulged monitoring data on the result indicators, or is still under preparation. Other projects only provide some vague, partial and/or physical realisation-related indicators, which do not allow assessing respective performance in relation to impacts generated under this judgment criterion. The evaluators were informed that there are efforts underway to respond to these challenges. The indicators used now in the sector can help assess/track performances. Moreover, in the last 5 years, ESTAT has developed and provided a number of indicators which track PSD/Competitiveness at country level (ENI and IPA regions). More Data/Baselines are becoming available year by year. One important element of judgment complementing the above considerations comes from the SME Survey, where about one third of the respondent enterprises reported an increase in their annual turnovers as a result of EU support. An interesting element – which would deserve particular attention – is that the answers received a positive linear correlation between size and changes of annual turnover in the direction of increase, which means that the positive impact of EU support in this particular dimension is smaller for those beneficiaries most in need of support, and this in turn allows to question issues such as ownership, absorption capacity of the smallest enterprises and, which may be even more challenging, how EU-funded interventions are actually able to reach out to the smaller layers of the MSME landscape.

EQ10: To what extent was the assistance to innovative SMEs effective in achieving the desired results, namely on environmentally better product manufacturing, green technologies, energy-efficient building materials, energy and environment labelling products and services, intelligent heating and cooling systems and eco-friendly products? And what possibly hampered its achievement?

Judgment criterion 10.1 – Introduction of environmentally friendly (green) technologies since 2010.

Judgment criterion 10.2 – Evidence of problems with introduction of environmentally friendly technologies and products.

This EQ is clearly connected to EQ08 (judgment criterion 8.1). The SME survey shows a rate of 27% in implementation of any kind of environmentally friendly and/or energy-efficiency actions, which on first sight is rather positive. Reference is made to the relevant table in section 3.3.2 of Annex 7.5, where the scores are shown for the various environmentally friendly actions listed in EQ 10. It shows a positive rate of only 4% to 7%, (thus in the vicinity of 25% of those having taken such actions), depending on the environmental action listed. EU (financial) assistance does not play a decisive role as compared to other funding sources. In terms of related technology adoption, the rates are rather low. There is little to report on these environmental issues, since – especially in the sample projects – evidence does not exist. It may be wise to first include these topics in concrete projects, and develop a system of monitoring and reporting that meets the requirements of the Commission. The majority of sample projects in the IPA region do not explicitly address environmentally friendly technologies and products. Potentially, business advisory projects as well as financial instruments would be able to address this issue. It is well possible that green technologies have been introduced incidentally, as a by-product of such projects. The available

reports are silent on this. It may be concluded that the introduction of green products and production methods has not played a major role in the EU programmes in the relevant period, and at the same time is not perceived as a priority need by entrepreneurs. This is not illogical, since the economic situation in many of the countries scrutinised forces businesses to primarily look at methods of survival. Although a complete picture does not exist, it appears that the majority of donor-financed actions were either of soft nature or did not “force” significant structural changes in business practice.

EQ11: Are both genders equally affected by EU assistance to the PSD/Competitiveness sector? If not, why? If so, was this due to a specific element in programming or implementation?

Judgment criterion 11.1 – Degree of gender equality/balance in projects design and implementation.

While gender equality is referenced in the EU strategies dealing with SME development it cannot be found in more recent strategic national documents central to the competitiveness agenda. There is a standard paragraph in many of the project fiches for gender equality but no data can be retrieved concerning real implementation to allow for a sustained generalised judgment in this respect. The maximum that may be said is that all evidence gathered points in the direction of projects’ real gender neutrality and that no relevant gender-related concerns are reported, which, being positive and albeit mentions are made in (some) programming documents, does not correspond to a proactive character of EU PSD/Competitiveness policy in relation to promotion of gender balance. It is interesting to see that while in many cases rather strict stipulations regarding gender equality are included in project fiches or action documents, these stipulations often cannot be found in the terms of reference. This may be one of the reasons why contractors are not explicit on the implementation of gender equality measures. Detailed information on the sample projects can be found in Annex 7.8.

4.1.5 Sustainability

EQ12: To what extent are the outcomes of the EU assistance likely to continue producing effects after the end of EU funding?

Judgment criterion 12.1 – Sustainability of key project effects.

In order to answer this evaluation question, the focus of the analysis rests on “effects” and their sustainability, as opposed to projects themselves and their possible continuation beyond closure, e.g. through subsequent EU/donor financing. For this purpose, effects are defined as the combination of outputs and results. They have been extensively dealt with under EQs 04, 08, 09 and 10 and will not be repeated here. Each individual project has been studied to gauge the likelihood of sustainability. For the analysis, the completed projects or activities in our sample were the most relevant, as these presented outcomes (as explained under EQs 04, 08, 09 and 10) and their effects could be observed in time. Different types of projects led to different types of effects, mostly intangible: (1) enhanced capacity of different stakeholders (individuals and institutions) at macro, meso and micro level, (2) improved business environment, (3) development of enterprises themselves (measured, in many cases through indicators such as turnover and number of jobs created and maintained), (4) improved strategic framework including through strengthening the policy-making research & evidence-base (to a more limited extent). Details of the analysis can be found in Annex 7.8.

All projects analysed address the issue of sustainability, through generic commitments in their initial design. Concrete measures for this purpose – such as preparing comprehensive exit strategies - were developed in only a handful of projects. In terms of capacity building, a distinction should be made between the institutional and the individual level, which are, obviously, interrelated. The sustainability of effects of newly created institutions depends in most cases on further donors’ involvement which allow them to continue their activities, even on a non-systematic basis (e.g. Innovation Fund in Serbia). Overall, the institutions capacitated in the projects analysed (new or older) are confronted with threats to sustainability derived from lack of financial resources for their maintenance or development and from lack of decision-makers’ involvement. For some of them, the same cooperation with donors/EU guarantee their sustainability (e.g. RDAs in Serbia, IPOs) as the cases in which they are involved in replicated governmental programmes identified in this evaluation are scarce. The analysis revealed that an element with strong potential to contribute to sustainability of project effects in the capacity development area is the development and retention of individuals capable of effectively furthering the activities of the institutions. This has been evident in most projects analysed, from RDAs, Innovation Fund in Serbia, IPR institutions particularly in countries with strong performance (Serbia), etc. Particular attention should be paid to this element in countries where this capacity building process is under implementation. A contribution in this area is brought by the tools developed in different projects (e.g. databases/management systems, training kits), which continue to be used beyond the lifetime of the project and thus continue to support institutions to realise results. Not the same can be said about different schemes targeting SMEs directly or through intermediary institutions, as these have rarely been replicated by the government with national funds. The landscape of legislation and strategies as outcomes of projects with positive effects on business environment is mixed. Differences exist also at

national level and this hampers the identification of clear causal factors which determine this situation. One key factor is the political perspective on the importance of a particular area (e.g. intellectual property rights in BiH) but also the demand (not the need) for a particular legislative framework (e.g. venture capital in Serbia). Although relatively easily quantifiable, effects on SMEs supported beyond projects are the least documented. No case was identified in which SMEs benefitting from support were monitored beyond the lifetime of the contractual relationship with the financier, with the exception of some monitoring activities annually undertaken by RDAs in Serbia (but not project specific) and the EBRD evaluations of TAM/BAS/SBS. However, qualitative evidence proves that many SMEs do develop in technical and economic terms and continue with the wider approach adopted as a result of the BS services they benefitted from. Both SMEs and consultants gain ownership under different schemes, in medium- and in the long- run the demand for SBSs increases. Positive sustainability prospects were identified in the case of business infrastructure analysed (in BiH), where partnership between public institutions and private sector is the key. As the business centres set up under the project act as “umbrellas” for SMEs in the region and support them in different areas, including fund raising, they will continue to have effects on enterprises and local economic development in medium- and long- run. The capacity of regional programmes, to have effects beyond their closure depends on the type of activities carried out and, particularly, on the link with the national governments and their ownership on activities and results, which in turn influences their replication at national level. As revealed by the fieldwork, this linkage is not sufficiently strong for a cross-fertilisation between the two types of programmes to take place (e.g. SEECEL, NGCI). Regional programmes deploying financial instruments targeting MSMEs and, in some cases, providing complementary technical assistance (such as the EBRD projects, EFSE) are in themselves sustainable as revolving funds and sustain a high likelihood of key project effects lasting and leveraging/multiplying at mid-and long-term. Other regional programmes tend to face financial sustainability challenges (e.g. SEECEL) and developing an exit strategy in such cases is advisable. The key threats to sustainability identified refer to the lack of political support and of adequate financing, but also to the lack of a sustainability monitoring system at project and programme level to be put in place already in the design phase and deployed during and after the project implementation. Such a system would allow the development of an adequate/customised definition of sustainability from the outset and of the necessary measures to be taken, at all levels (EU, national government, beneficiary) to ensure it when the project is completed. One of these measures would be the establishment of a stronger link between project sustainability and negotiations for the EU membership (where the case) or further funds approved.

Judgment criterion 12.2 – Leveraging/multiplication power of key project effects.

Effects – if any – are described under criterion 12.1 above and will not be repeated here. Each individual project has been studied to gauge the presence and power of leveraging and multiplication. For the purpose of this analysis we use, as an “operational” definition, the following concept of “leverage”, which contains “multiplication”: “The ability to influence the project context, in a way that its outcomes are multiplied without a corresponding increase in the consumption of resources.” In financial terms “leverage” may refer to supplementary funds set in motion by a particular intervention (e.g. private co-financing a public instrument applied to SMEs). The findings in this section will add aspects particularly relevant for this judgement criteria to the comments made in relation to previous judgment criterion on sustainability, as sustainability is itself an enabler (a necessary, albeit not sufficient condition) for leveraging/multiplication of project effects. See Annex 7.8 for details on the sample projects. Several projects analysed have either multiplied their effects or the necessary preconditions are in place for them to do so in the future. The leveraging potential is directly conditioned by the sustainability of effects in itself. National projects targeting SMEs supported either with grants or business support services are rarely multiplied but the latter have a higher multiplication effect through the further funds which are often raised. At regional level, such financial projects have clear leveraging effect. The extent to which projects with intangible results manage to multiply their effects (e.g. to reach more enterprises in different areas IPR, e-business, overall development) depends in most cases on the willingness and capacity of the national government and involved institutions to focus and take measures for this purpose. Particularly important is for the government to develop a strategic approach in the different areas analysed (from regional development to IPR, innovation, SMEs support, trade, etc.), which takes into consideration the projects’ results and lessons learned, and to implement this strategy in a result-oriented manner, in partnership with the relevant institutions and other stakeholders. In some cases the leveraging of a project effect is ensured through a follow-up intervention. Evidently, this cannot be repeated endlessly, if only because there is a limit to the availability of EU funding.

EQ13: How can programming of EU assistance be enhanced to improve the impact and sustainability of financial assistance?

Judgment criterion 13.1 – Lessons learnt on sustainability success and failure factors.

A key lesson learned from the perspective of sustainability in Serbia refers to the importance of the (individual) capacity remaining in place at the project closure, which is basically directly determined by the effectiveness of capacity building measures themselves. However, this potential for impact and leveraging of this capacity is annulled if the institution in charge does not continue to intervene in the covered area (e.g. innovation, regional/local development) due to lack of governmental support and funds. Where the existing structures continue to implement outcomes developed by projects (e.g. e-business area) sustainability and leverage of effects exist. Cases in which the national government do not follow-up on project outcomes are caused by changing government agendas which also insufficiently correlate with the negotiation process. In this context the lack of sustainability strongly correlates with a poorly coined (in the project design phase) concept of sustainability which should include the measures to be taken by the relevant actors in order to ensure sustainability and a contractual obligation for these measures to be implemented (e.g. through the Financing Agreements). Further on, sustainability failure factors relate also to an equally inadequate risk management system (which should be) used during project implementation: the existence of exit strategies is a good practice but these are not developed in all cases, are designed too late and there is not systematic review of their implementation in place. Consequently, there is little information on true sustainability at project level, with the exception, maybe, of the minimum analysis done for the justification of future, related projects.

In Bosnia and Herzegovina, the lack of ownership from the national government side on projects' outcomes is the key factor impeding impact and sustainability. The overall picture is counterbalanced at local and individual level where projects produced sustainable outcomes with strong potential leverage effect, as capacity of enterprises, of the supply side of business support and of the local authorities was strengthened and these stakeholders work closely together to advance local development. Some of the institutions created to support private sector development still do not employ sufficient staff and/or available staff needs better qualifications, despite project implemented in the last years, which indicates that lessons identified are not taken on board in medium run.

As regards the IPA multi-beneficiary (MB) programmes, the key lesson to be learned relates to the correlation with the national level: programmes, systems, institutions. As the fieldwork confirmed, the interlinkage and thus the potential for transferring results into national systems from the regional level is rather an exceptional situation, than the rule. Sufficient support by Bodies and Institutions in the partner countries is a fundamental aspect for the impact and sustainability of regional programmes (e.g. SEECEL) and therefore, the development of a sense of ownership among all stakeholders is a prerequisite for impact and sustainability.

Overall, the most important lessons to be learnt at policy level for improving sustainability, impact and their prospects are:

- Generally, ensuring national government and other stakeholders involved, including beneficiaries, ownership of interventions implemented and their outcomes. This translates especially to a strong correlation between EU-projects and national strategies and measures in the sense that the latter are built up or at least take fully into account the former.
- Specifically, ensuring national governments' commitment to measures to be made in order to guarantee the sustainability of projects outcomes and their effects. This is possible only if such measures are project-specific, identified already in the project/programme development phase and systematically monitored, together with possible risks, during and after project implementation. Efforts at full speed are needed in order to solve the challenge of data availability and quality.
- In all cases a project-specific mechanism needs to be designed for this purpose during the project development phase and an exit strategy should be a part of it. Such a measure would increase the design and logic of intervention of the projects, as well as the quality of its implementation strategy and would, consequently, strengthen their sustainability and impact potential.
- In terms of project design and implementation strategy it is essential to ensure a better alignment between the different types of contracts provided for (i.e. TA, equipment, works) as incoherent contract implementation (e.g. equipment and TA not timely available) still undermines the projects' impact and sustainability.
- This is particularly important for projects registering intangible effects, at both national and regional level, as the financial types of interventions are mostly sustainable in themselves. For the latter, however, a mechanism for monitoring the effects and their sustainability beyond the intervention itself (e.g. loan, BSB) at beneficiary level is badly needed.
- If regional programmes are not better articulated with the national level (institutions, policies) their prospects for sustainability are rather low. For this purpose adequate governance systems, including national presence might be needed, e.g. as in the case of EBRD which is currently

solidly established in 4 countries of operation in the region, and therefore provides local institutional strength and high degrees of proximity with key local players, at institutional, financial and business levels. Adequate mechanisms should be designed also in the case of this type of projects for monitoring sustainability of effects.

- Increased attention needs to be paid to capacity building at individual level and its capitalisation at institutional level and in time. For this purpose an adequate evaluation system is needed, e.g. based on Kirkpatrick model¹.
- The sustainability of interventions and their effect positively correlates with the ownership of local experts and enterprises on the PSD process and measures and thus their partnership at strategic level and contribution at intervention level needs to be ensured.

EQ14: Is there enough ownership over R&D and innovation activities? If so, how was this managed? If not, why?

Judgment criterion 14.1 — Degree of ownership over R&D and innovation activities.

There are two levels of ownership: policy ownership as shown by national and sub-national authorities, and ownership of actual systems and tools as expressed by final beneficiaries, such as universities, technology institutes, science parks, technology brokers and others. Ownership of R&D and innovations by SMEs is taken for granted; they would not engage in any such activity, whether spontaneous or induced by an EU-funded project, if they could not see the commercial benefits. Details on the sample projects can be found in Annex 7.8. Throughout the period 2010-2015, the IPA Instrument, at the country programme level, has included substantial financial support in the field of Research and Development, in the form of co-financing of the costs of participation in the FP7 and H2020 programmes. More information is given under EQ16 below. An analysis of the objectives of the IPA MB programme shows that at the level of the IPA instrument, balanced support was given to promote innovation. Yet, it is difficult to find evidence on ownership of (the follow-up) of these activities. The factors listed above in relation to EQ 07 (most efficient approach) and EQ13 (better programming of EU assistance to improve impact and sustainability), when considered in the framework of those projects that have provided concrete innovation support at any level, provide a good part of the response to this Evaluation Question. But there are elements that are specific to R&D and Innovation, which add to and/or leverage the other, and these may be summarised as follows:

- Long-term commitment to R&D and Innovation support, as key drivers to enhance value-addition by businesses in target countries and regions – this must result from an intelligent combination of sustained national policies and Donors' co-ordinated continued support.
- Capacity to contribute to creating and strengthening, and only preserving and sustaining, R&D and/or innovation-support institutions that demonstrate capacity to generate and secure a sustained stream of own revenues: If R&D and innovation are value-generating activities, and respective benefits are to be ultimately perceived by the private sector, this latter must be convinced that there is a price to pay for continued provision of R&D and/or innovation-related services provision. Cases such as the IP Institute in BiH and IPR protection and enforcement in Serbia seem to illustrate this point well.
- Stakeholders inclusion and active participation in R&D and Innovation promotion; in fact, innovation in particular must be understood as a societal value, not just as a profit enabler for businesses.
- Finally, the capacity of the EU to attract participation in, for example, R&D Framework Programmes (the FP7 for the period in consideration, now the H2020) and innovation-related networks and activities (CIP for the period in consideration, now COSME) represents an important leveraging factor, which may however suffer from significant barriers to entry (e.g. formal adhesion by the countries, which implies paying respective shares) and must overcome perception (sometimes very real) of high opportunity costs for R&D and/or business candidates.

In the context of PSD, support to R&D and Innovation is, in respect to R&D, mostly at the crossroads between offer and demand of technology (and/or all forms of valorisation of R&D results), and, in relation to innovation, dealing with value creation through entrepreneurial attitude in the adoption of change. It deals with universes (e.g. Universities, researchers, start-ups, interface agents, business incubators, Science Parks) that are largely not coincident with those of the wider support to existing (even mature) enterprises. It thus requires specific support frameworks and actions, as well as targeted indicators. It seems in this framework that awarding a significant degree of autonomy to R&D and/or innovation specific interventions from wider programmes/projects, if combined with appropriate levels of effective co-ordination, collaboration and mutually leveraging with other PSD/Competitiveness interventions, may be the most cost-effective way to provide sustained R&D and Innovation support.

¹ See <http://www.kirkpatrickpartners.com/OurPhilosophy/TheKirkpatrickModel>.

EQ15: How likely is it that beneficiaries at policy and implementation levels will continue to demonstrate ownership of the results of EU-interventions?

Judgment criterion 15.1 – *National and sub-national legislation, institutional and administrative provisions are in place, which guarantees financial and technical sustainability.*

Only a few sample projects selected for the IPA region require further legislation. Bosnia and Herzegovina presents the standard problem that for issues such as IPR and Trade, strategies have been drafted but persistently not adopted. This is much less of an issue in the other countries. As regards institutional and administrative provisions, they require additional budget and in these times of budgetary constraints the countries are not very capable of realising that. A problem of a different type is that for SEECEL, there appears to be an issue with the mandates given to the Steering Committee Members; not all countries have enacted regulations that confer full decision-making powers to their envoys. Ostensibly, not all member countries live up to their financial commitments towards SEECEL; membership fees are not always paid, or paid on time. The July 2016 independent evaluation report states that financial sustainability starts to be an issue. Member countries should raise their financial commitments and contribute according to their size and resources available. The same report also hints at the necessity for the EU to continue its financial contributions to the centre. Looking at the NGCI project implemented by OECD, it is likely to lead to ownership. The OECD says in the interview: "Continuity is first and foremost ensured by the continuation project OECD now has on going, which builds on the results of the NGCI project and further advances on similar/complementary priorities and actions". As it happens in relation to other EQs, those programmes and projects involving financial instruments, particularly when mixed with targeted technical assistance (which are typically funded through blending instruments) demonstrate a high degree of ownership of the results of EU-interventions, in the first place within the supported SMEs, but also within local financial institutions. No doubt the effects will continue within the SMEs (barring unforeseen external developments). Although only an impression, the propensity of local financial institutions to continue advantageous credit facilities for their clients seems limited, because they will not be compensated for lower income or even losses by EU/IFI programmes. Financial instruments such as EFSE have, due to their revolving character, almost an "eternal" character, but this is not the case for many other EU/IFI financial instruments, where the services cease the moment EU grant co-financing ends.

For the other projects, persistence of enabling conditions, such as institutional capacity, human resources sufficiency and adequacy, and sufficient levels of appropriation (all points raised already in previous EQs) constitute key factors for increased ownership. Lack of (insurance of) financial resources after EU intervention completion is, on the other hand, a key hurdle in many cases.

What is very seldom seen in these projects is clear and well-sustained (kind of business plan) exit strategies for the instruments, tools and services created or nurtured by EU projects. What is many times written in project design and reporting documents is, to a large extent, insufficiently sustained in hard and real facts and data, where the factors enumerated above are treated lightly at best? A higher degree of rigour and exigence in this respect (including, as already noted before, higher levels of transparency and accountability) would contribute to higher degrees of ownership of the results of EU-interventions. Another point, noted in several projects that were analysed, is the slow pace, or even real lack, of adoption, by relevant authorities, of national and/or sub-national legislation, institutional and administrative provisions so dearly needed to embed results of EU interventions in the national institutional environment. Administrative and legislative processes are often too complex and slow to efficiently conciliate with programmes' and projects' limited time-frames and resources, and also multiple political, economic and social interests stand in the way of timely resolving sustainability-related issues. The above is by no means a new topic, nor is it typical for the PSD/Competitiveness sector. It has been broached by many evaluation reports over the past decades and still not closer to a solution, while in reality it is perhaps the main factor impeding long-term effectiveness. More efficient awareness raising and stakeholder's inclusion in the projects' processes and activities would likely contribute to reduce – but by no means eliminate – this negative element.

4.1.6 Coherence

EQ16: To what extent is the EU assistance coherent with other interventions which have similar objectives? To what extent is EU assistance coherent with other action in the field, such as SMEs support in relevant areas of the European programmes, namely the Seventh Framework Programme and the EU's Competitiveness and Innovation Framework Programme (CIP)? Is EU assistance coherent?

Judgment criterion 16.1 – *Clear strategic and operational links exist between EU assistance and the SME support embedded in the (former) Seventh Framework Programme.*

FP7 was the European Union's Research and Innovation funding programme for 2007-2013. The current programme is Horizon 2020, but there are many projects funded under **FP7** which are still running. Under FP7, SMEs were actively encouraged to participate in all research actions, especially those under the themes of the Cooperation programme and Joint Technology Initiatives. The rules for participation in FP7 specify a funding rate of 75% for research and development activities of SMEs.

Judgment criterion 16.2 – Clear strategic and operational links exist between EU assistance and the SME support embedded in the (former) Competitiveness and Innovation Framework Programme (CIP).

DG Internal Market, Industry, Entrepreneurship and SMEs promotes industrial cooperation, SMEs, entrepreneurship and inclusive sustainable development with IPA countries, as part of the IPA Instrument. CIP was the European Union's Competitiveness and Innovation Framework Programme for 2007-2013. The CIP ran from 2007 to 2013 with an overall budget of EUR 3.6 billion. Under CIP, SMEs have (had) opportunities to obtain better access to finance, as well as support for innovation, and regional business support. The current programme is COSME, the EU programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises running from 2014 to 2020 with a planned budget of EUR 2.3 billion. The sample projects evaluated in the IPA region do not contain activities aimed at participation of SMEs in the FP7 and the CIP programmes. The fact is that all countries as a rule include in their national IPA programmes an item called "Support for participation in Union Programmes". As for COSME, Albania signed the International Agreement on 3 March 2015, Bosnia and Herzegovina on 2 June 2016, the former Yugoslav Republic of Macedonia on 29 September 2014, Montenegro on 25 June 2014, Serbia on 10 November 2015 and Turkey on 16 October 2014. Kosovo does not have, for the time being, the necessary legal basis to participate in Union programmes and therefore cannot join COSME. The field work, in fact, has given some evidence of the existence of operational links with the CIP/COSME programme. Most IPA countries have national information points (now on COSME and H2020) but unfortunately, they do not have statistical material to quantify the importance of the programmes for the national private sector. Given the amounts allocated to cooperation with EU programmes and agencies, it is clear that from a strategic point of view, there has been and still is a clear link with the CIP programme. Although some global information was retrieved, the evaluators have abstained from collecting detailed data on the use of CIP, FP7, COSME and H2020. Other evaluations, assigned by the COSME and H2020 units at the Commission, are more appropriate tools for that. A clear conclusion on whether the IPA Instrument is successful in fostering strategic and operational links with both EU programmes, cannot be given.

EQ17: To which extent are national and regional programmes complementary and aligned with the principles of the EU Small Business Act?

Judgment criterion 17.1 – Representation of the SBA principles in programming documents and project designs.

Methodological note:

As for the allocations to PSD/Competitiveness, the data in the tables below stem from the information contained in Annex 7.4 to this report. References to the SBA can be found in practically all sample projects. The tables below, in the second column, only refer to projects that have included concrete activities to foster SBA principles in the respective countries/regions. The projects themselves are listed in the above-mentioned sections.

As far as PSD/Competitiveness support is concerned, the IPA instrument heavily leans on the principles of the Small Business Act. Reference is made to either the complete Act, or specific dimensions, in all strategic and programming documents. More importantly, where strategies are translated in more concrete intervention policy (namely in the MIPDs), the relationship with the SBA principles/dimensions is made still more specific. The result is that nearly no concrete action, project, intervention is designed that does not actively support the strengthening of one or more of the SBA dimensions.

| Programmes 2015 | 2010- | Total PSD support (M€) | Advancing the SBA (M€) | SBA/PSD (%) | Main SBA dimensions addressed |
|------------------------|-------|------------------------|------------------------|-------------|-------------------------------|
| Albania | | 7.9 | 7,9 | 100 | 1, 6, 8 |
| Bosnia and Herzegovina | and | 19.0 | 17,7 | 93 | 1, 4, 5, 6, 8 |
| Kosovo | | 36.0 | 15,5 | 43 | 1, 4, 8 |
| Macedonia | | 28.3 | 23,7 | 84 | 1, 3, 4, 8 |
| Montenegro | | 5.8 | 3,5 | 60 | 2, 4, 8 |
| Serbia | | 26.4 | 17.3 | 65 | 1, 4, 6, 8 |

| Programmes 2010-2015 | Total PSD support (M€) | Advancing the SBA (M€) | SBA/PSD (%) | Main SBA dimensions addressed |
|----------------------|------------------------|------------------------|-------------|-------------------------------|
| Turkey | 457.5 | 381.0 | 83 | 1, 4, 6, 8 |
| IPA MB | 206.7 | 100 | 48 | 1, 4, 5, 6, 7, 8, 9 |

The vast majority of EU's financial allocation to PSD in the IPA region targets fields related to advancing the SBA. This majority is particularly visible at the multi-country (regional) level, where dimensions 6, 7 and 10 assume particular relevance. Within these, access to finance (through a comprehensive range of complementary instruments and partnerships, where cooperation with IFIs is significant) takes a major share. EU support to advancing the SBA at the National level is spread over a higher number of SBA dimensions, with relevance for those which either demand proximity actions and/or are linked to nation-specific contexts or frameworks, as for instance institutional and regulatory framework, operational environment for business creation, public procurement and, to an extent, enterprise skills and innovation. Despite these findings, a recent review of SBA implementation in the Western Balkans and Turkey indicates that there still are clear gaps to be addressed. The report contains recommendations which are a good basis for future national and regional programming. It is noticeable that, on the basis of the information gathered from the projects that were identified by the team at both national and multi levels, SBA dimension 9 (SMEs in a green economy) is relatively under-represented in the overall context of EU support to advancing the SBA.

EQ18: To what extent has the EU assistance enhanced the visibility of EU aid, and promoted innovative approaches to aid delivery?

Judgment criterion 18.1 – *Contribution of programming and implementation to EU visibility.*

In general, and putting aside small omissions or mistakes in implementing EU visibility rules, all projects that were analysed comply with applicable regulations. The capacity of such compliance is however not the same when we look at financial instruments, such as those mentioned above, and more typical Technical Assistance projects, which tend to better convey the message of the crucial importance of EU's support to achieve respective goals. This is mostly due to the nature of the support provided and, most particularly, to the fact that, in the case of financing projects, particularly those funded by blending instruments, respective end-user actions and instruments are most of the times delivered through more than one layer of intermediary institutions (e.g. an IFI and a local bank), which tend to dilute EU's visibility. The programming documents related to the IPA instrument, regional and for the countries, contain the obligatory chapter on EU visibility. In implementation, vast differences were noted between individual projects. Without any exception, all credit line and other SME financing projects funded by instruments of blending nature, which are implemented by IFIs such as EBRD, EIB, KfW, etc., lack effective visibility measures, in terms of respective end beneficiaries/users. This was confirmed in the field; neither SMEs, nor BSOs or responsible public authorities were aware of the EU financial inputs in SME funding instruments established to blend grants and loans. The problem is in the system. Each project separately is obliged to carry out its own visibility measures, while in actual fact the team of experts was hired for different, specialised services. They cannot be expected to be also visibility experts. Even when visibility measures are carried out dutifully, the overall effect on "EU visibility" is confusing. For example, each project produces its own website, with its own lay-out and functionality, but often without direct links to other EU-funded projects. It was found on several occasions that websites of projects already completed years ago, were still on-line. This is not the best advertisement. Furthermore, respecting EU visibility rules does not necessarily guarantee that EU assistance through these projects enhanced the overall visibility of EU aid. None of the projects provide, as far as the documents made available to the evaluation team show, any assessment in this respect. It would have been appropriate to include, towards the end of the projects' implementation periods and/or shortly after respective conclusion (and for sure within final evaluation exercises), surveys targeting the wider generality of project beneficiaries (including indirect and potential ones), and/or for instance the SME community in the various countries, including a question on this issue. Often, the obligatory statements are made, all copied and pasted. For instance, SEECEL mentions in all its reports: "all SEECEL's actions and operations are in line with EU visibility procedures and with the Communication and Visibility Manual for EU External Actions. SEECEL is keen on promoting all its actions on its official website and with other relevant media, as well as at relevant meetings, conferences and thematic forums". Yet, there is no separate description of visibility activities and their effects. On a moderately positive note, it can be said that compliance with applicable rules is normally observed, but actual contribution to enhance the visibility of EU aid may in many cases not have been a major concern.

Judgment criterion 18.2 – *Contribution of programming and implementation to promoting innovative approaches to aid delivery.*

Innovative character of EU assistance is understood, for the purpose of this evaluation, as the extent to which projects, in their design, implementation and/or outreach, manage to detach from mainstream project tradition and/or landscape in EU assistance and, in particular, in the relevant region and/or countries. IPA I contained few innovative actions, at the regional as well as at the national level. The WB EDIF as an instrument of blending of grants and loans is not strictly a new feature although it did expand the blending option from infrastructure to include SME financing. A nice example of a highly effective innovation in implementation can be found in the project *IPA 2012 – Improving e-business environment*, where formalised induction training was introduced for new experts joining the project. This is a method that deserves further scrutiny, with the aim of perhaps making it obligatory for all TA projects. Another very recent example of innovation in delivery methods was observed in Montenegro, where under the IPA 2014 annual programme, an open call for proposals was launched, in January 2017, for the delivery of services to Enhance the Business Environment and Competitiveness of the Private Sector. The grantee would have to (1) develop a comprehensive strategic framework for Competitiveness and Innovation and establish a strategic and operational framework for Industrial and SME policy; (2) strengthen the institutional, technical and administrative capacities for the implementation of the Competitiveness and Innovation policies; and (3) develop measures fostering awareness of the general public and beneficiaries, regarding Competitiveness and Innovation policies. The innovative character lies in the fact that the project, instead of being implemented as a service contract, is going to be implemented by a European Union Member State public sector institution/operator or statutory body. It is expected that this will reduce administrative costs of tendering as well as of management and monitoring.

Judgment criterion 18.2 is thus met to some extent in the IPA region, particularly if the innovative character of EU assistance is considered in the relevant regional context. At the national level, the indicator is not met in Bosnia and Herzegovina and Turkey, whilst in Serbia and Montenegro some projects do present some innovative approaches which, unlike what is noticed at the regional level, appear to be linked rather to implementation than to pure design, which shows that it is possible to promote innovative approaches to aid delivery even when the design itself of the interventions does not necessarily imply so. The most obvious innovation in EU aid delivery is that of financial instruments and especially that of blending of grants and loans. However, in one form or another, such instruments have already existed for at least a decade, so it is arguable whether they still can be considered innovative. There is a tendency to shift support through financial instruments from the regional to the national programmes and this indeed is an innovative approach. With some imagination, one could also earmark the budget support programmes as innovative. Although they already exist for a long time in DEVCO programmes for development countries, their emergence in the IPA region is of a relatively recent date. Furthermore, it is observed that as of 2014, programming in several countries (Montenegro is a good example) is geared towards simplified implementation, at least from the perspective of the EU services. This happens through complete transfer of financial, management and implementation responsibilities to accredited national, but mostly international, institutions, reducing the obligations of the EUDs to performance monitoring; even ex-ante approval procedures are rarely required in such cases. Finally, it is acknowledged that what is an innovation in aid delivery in one country, has already become standard procedure in another. Both the Commission Services and the national authorities appear to be constantly searching for new and better mechanisms, which is deemed a good sign.

4.1.7 EU added value

EQ19: What is the added value resulting from the EU interventions, compared to what could be achieved by the beneficiary countries without such interventions?

Judgment criterion 19.1 – *Complementarity and non-contradiction or overlapping between beneficiary and EU programmes.*

The SME survey does not directly address this judgment criterion, but provides some interesting information on how EU assistance is perceived as compared to national budgetary support or other donor support. More than 50% of the respondents report significant or very high satisfaction with the EU-funded projects they participated in, with about half (28% of total) stating that expectations were totally met or even exceeded. Caution is required here: few respondents have a clear view of actual donor sources, so this finding probably does not only relate to EU inputs. Only 11% of the implementers are absolutely not satisfied with the results. Small and medium-sized enterprises express the highest satisfaction. It is noted that all participating large enterprises report only partial satisfaction, whilst data shown in previous points confirm that large enterprises are not among those having less benefitted from donor support. This lower level of satisfaction may be linked, on the one side, to the small sample size (for large firms) and to a higher degree of expectations from these bigger, more organised and better structured companies. Satisfaction rate is highest in Serbia and Bosnia and Herzegovina and lowest in Kosovo and Turkey. These rankings should however be taken with caution, due to the non-uniform distribution of the sample over countries. There are vast differences between the IPA countries as regards the absolute budgetary contributions to PSD/Competitiveness, as well as those contributions relative to the size of the country

and to the size of EU allocations. Turkey and Serbia are at the top of the ladder, while Albania, BiH and Kosovo lag behind. Substantial contradictions or overlaps between programmes financed from national budgets, and EU programmes, were not encountered. The first point to make in terms of a summary conclusion about EU added-value is that it is never questioned either in documents or by stakeholders, whoever they may be. To a large degree, complementarity and non-contradiction with national or regional programming are ensured at both regional and national programming, in relation to both national- and other donor-funded PSD/Competitiveness support interventions. A few cases of overlapping may be detected in some areas, such as:

- Provision of training to SMEs and/or BSOs;
- Consultancy/advisory provision to SMEs;
- Financial/funding provision to SMEs.

Of the above, the latter is not problematic, provided that EU's State-Aid rules are respected and transparency and accountability are ensured in relation to the instruments being put in practice and respective management. Furthermore, except for grants (for which State-Aid limitations should be able to impose appropriate limitations), most if not all the financial instruments being placed at the service of SMEs are managed and regulated by principles and mechanisms applicable to the IFIs that have the role of implementing them, and this includes, among many others, proper due diligence. Freedom of choice (with respect for equal opportunities) may in this respect have a much higher value than possible negative effects caused by overlapping or competition among instruments. Furthermore, most of the IFIs involved are very keen in not practising market conditions that might distort local financial markets, their role being more of complementarity and coverage of market gaps than of conquering market share. Finally, the technical assistance provided to local banks, consultants and beneficiary SMEs plays a crucial role that classical financial markets and institutions do not in any way ensure, thus increased added value from EU-funded interventions. Overlapping in relation to consultancy/advisory provision to SMEs does happen at times, among both EU-funded and EU-funded and other donor-funded interventions (national funds are very seldom used to support this kind of provision, except in very niche cases where there are clear market failures). The problem here may exist more in terms of market distortion (which would tend to harm the commercial, mainly local, consultancy market) and might, if not properly monitored and controlled, risk inducing negative consequences in terms of donor-dependency by SMEs, particularly those less competitive, in relation to resorting to consultancy services. Whilst the evaluators did not detect any specific case where this is actually happening to a significant degree, it seems clear that more effort should be given to monitor structural effects of this kind of aid (and particularly of possible effects of overlapping among interventions) and, whilst the importance of continued investing in it to support PSD/Competitiveness sustained improvement, efforts should continue to search for the best possible approaches to minimise and control the identified risks. As for consultancy/advisory provision, more consistent and sustained (real-time) monitoring and (ex-ante, mid-term, ex-post) evaluation of the overall PSD/Competitiveness-related training landscape in each country is advisable, which would necessarily imply more efficient and effective donor co-ordination. Inclusion of better structured and professionally executed TNAs as a prerequisite for implementing training actions would also very likely pay out in terms of value for money. A second aspect in this EQ relates to self-sufficiency of beneficiary countries, i.e. the extent to which the added value resulting from the EU interventions could be achieved by the beneficiary countries without such interventions, and here the results of the evaluation exercise made are rather straightforward:

- In relation to what could be replaced by other donors' support, the conclusions on relevance, complementarity and non-overlapping provide a clear and absolutely uncontested idea that inexistence of EU funding would have a very negative impact and could not be full and effectively replaced by other donors. There are countries where the EU is by far the strongest donor in PSD/Competitiveness support, and many donors are either lightly, or even not at all, present in regional terms. Furthermore, in themes such as the SBA, no one but the EU would be appropriately positioned to provide the necessary support.
- In relation to what could be achieved without any donor intervention, the conclusion is even more overwhelming and is that most if not all the beneficiary countries lack the budgets to provide the kind of support that the EU (and the donor community in general) is providing, at national level and even more so at the regional level. Hence, the EU added value is absolutely undisputable.

EQ20: Which areas within the PSD/Competitiveness sector can do without or with reduced EU assistance because they are well covered by other donors?

Judgment criterion 20.1 – Areas/sub-sectors effectively covered by non-financial assistance from other donor.

and

Judgment criterion 20.2 – Areas/sub-sectors effectively covered by financial assistance from IFIs.

Methodological note:

Regarding EU added value, both the overall PSD/Competitiveness-related documents and the sample project documents have been scrutinised. Donors and IFIs publish great quantities of information on allocations and disbursements, but the collection and systematisation of this information is not a practical proposition, for several reasons. In the first place, different donors have different definitions of PSD/Competitiveness. Secondly, donor statistics are unclear on years of programming, implementation and disbursement. And finally, data on success (impact) is scarce while it is dearly needed for any comparison. Given these limitations, the endeavour of the evaluators has been to confront the sample projects with comparable interventions financed by other donors.

Two statements presented for discussion to the focus groups in the various countries were:

- *EU interventions in the PSD/Competitiveness sector are unnecessary since national strategies, actions and subsidies do a better job at improving the PSD/Competitiveness sector in your country.*
- *The EU should reduce or even abandon its (financial) contributions to the PSD/Competitiveness sector in your country, and re-allocate them to other sectors, since other donors (and IFIs) sufficiently cover most or all relevant fields of assistance.*

It will not surprise anyone that the participants at the focus groups expressed their strong disagreement with both statements. In this, the evaluators found no differences between regions and countries, although it was remarked in one of the IPA countries that gradually, the administrative costs and burdens of managing IPA funds are outweighing the benefits of the programme. Even taking into account that most participants represented the PSD/Competitiveness sector and therefore had a certain bias towards it, the general opinion was that of all aid sectors, the PSD/Competitiveness sector is most in need of EU assistance, for two reasons. In the first place, because this aid is expected to have the most tangible effects in terms of welfare. Secondly, because there is no alternative for it, given strained national budgets and piecemeal contributions from other donors. Yet, it also became clear that the participants had mostly in mind the direct financial contributions the EU is providing to SMEs, directly through grants or indirectly through cooperation with IFIs in blending operations. The need for institution building, capacity building, and legislative support was pronounced as less urgent. In the IPA region, many donors are active besides the EU, EBRD and EIB, in practically all countries. They are, for instance the World Bank/IFC, USAID, Sweden/Sida, Germany, Switzerland, Croatia, Norway, Japan/JICA, Italy, and Slovenia. Only the World Bank/IFC and to a lesser extent Germany can be considered major financiers of the PSD/Competitiveness sector. According to a BiH Donor Mapping Report, the total amount of official development assistance (to all sectors) in 2015 ended up in EUR 495 million, of which EUR 178 million in the form of grants. Some 40% of international aid was channelled to the PSD/Competitiveness sector. This amounts to EUR 193 million, while the EU contribution in 2015 was around EUR 37.2 million. If EIB and EBRD loans are added to this, the European contribution was EUR 80-100 million. BiH is not fully representative for the IPA region, but the numbers above give a global insight into the relative importance of EU funding. The answer to EQ20 very much relates to the reasoning made in relation to EQ19, and thus issues of complementarity, non-contradiction and areas of overlapping, already treated there, shall not be repeated here. Equally, the extent to which EU's aid in the field of PSD/Competitiveness could be effectively replaced by other donors' aid. Admittedly, EQ20 and the related judgment criteria were somewhat provocative. They have elicited expected reactions from the counterparts in the countries. From an objective point of view, it is EU support that keeps the wheels turning in the PSD/Competitiveness sector. Direct financial and non-financial support to SMEs is unanimously regarded as the best instrument. EU interventions in related fields (e.g. IPR, e-business, institution building, regional development) are considered "luxury issues" that could do with much less support. The evaluators only very partially agree with this notion, in the sense that indeed there is some evidence of projects that – in hindsight – did not have much impact. The points to make here relate therefore to the best adequacy of the EU to provide the kind of PSD/Competitiveness support it is providing, having in consideration the existing landscape of donor and IFI support in the same and related fields. One key difficulty to this analysis comes from the extreme difficulty (not to say impossibility) that the evaluators have faced in getting a clear picture of who is doing what, where, when, for which purpose, with which resources and to which outcomes and impacts. This hurdle was mentioned as an introduction to treatment of this EQ. In any case, some general lines may be followed:

- In relation to the donor landscape, the EU tends to be more institutional and deal less with direct actions towards the SMEs themselves. This is confirmed by both documents and interviews (including e.g. the Focus Group meetings). In the IPA region, the EU is perceived as working better in, for example, institutional strengthening or policy support. Both types of interventions are necessary and useful for the ultimate purpose of fostering private sector development and competitiveness in the target countries;

- The EU is clearly the major donor when it comes to regional intervention, particularly in the IPA region, which comes as a natural consequence of the proximity of this region to the EU and the specific purpose of IPA support. Hence, the EU seems irreplaceable at this level.

When it comes to IFI support, reality differs even further from case to case, and the impossibility to produce a realistic mapping of PSD/Competitiveness support (as defined, in time and scope, for the purpose of this evaluation) is a reality. Furthermore, there would exist a clear risk of double-accounting many IFI interventions, namely those funded through the EU's blending instruments (like e.g. KfW, the EIB and the EBRD), as both EU- and IFI-funded cases. But some general conclusions may also be drawn:

- It stems from the analyses made in relation to several previous EQs that interventions, namely those (co-)funded by the EU, where IFIs are leading implementers tend to be well structured, efficiently managed and very effective. Their relevance to improve financing of MSMEs (including at the microfinance level) is unquestionable. No other type of donor-funded intervention (including from the EU) would likely be able to provide the same level of results and impacts.
- As it was already noted, the fact that many financing instruments made available through IFIs integrate, or articulate with, technical assistance provision makes them particularly performant and resilient, as in fact they contribute to decisively strengthening the capacities of the stakeholders involved, whether they are intermediaries or final beneficiaries.
- On the other hand, the fact that IFIs use, as a general rule and particularly when financing facilitation is involved, due diligence rules and practices tend to make them target mostly the best performing SMEs, thus leaving aside the vast universe of MSMEs which, with the appropriate combination of soft and hard support, might also see their competitiveness and overall business performance improved. There might therefore exist a tendency to leave important groups of MSMEs behind if support would be exclusively provided through IFIs, which leads to the conclusion that the EU does well in complementing IFI-driven (through e.g. blending instruments) with other types of PSD/Competitiveness assistance.
- It may be concluded from the above that, in those cases where IFI's type of intervention may be successfully applicable, resorting to IFIs (through e.g. blending instruments) is a powerful (consistent, efficient, effective, impacting, sustainable) way for the EU to convey support to the private sector, particularly in the framework of regional or super-regional programmes. This is confirmed by the few ROM reports that were made available to the evaluation team regarding this type of interventions. IFIs should therefore be used whenever possible, not forgetting that, by their nature, they cannot reach the full range of MSMEs needing, and deserving, EU support for their competitive development.

4.2 EUROPEAN NEIGHBOURHOOD INSTRUMENT (ENI) EAST

4.2.1 Relevance

EQ01: How relevant is the EU assistance in view of the priority needs of the countries in the regions?

Judgment criterion 1.1 – *The objectives and priorities of EU assistance are in line with the policy/development frameworks for the PSD/Competitiveness sector in the partner countries in particular in terms of the needs for financial and non-financial support to enterprises, strengthening of R&D&I, stimulation of FDI and foreign trade, improved business infrastructure and better business environment in general.*

The essential issue here is the existence and content of national strategies. In the framework of this evaluation, an inventory of such policy and strategy documents was made and followed up by a thorough study. Not every selected country has an explicit PSD/Competitiveness strategy but where such strategies are lacking, there is sufficient information contained in sub-strategies to arrive at clear conclusions. The basic philosophy has been that priorities defined in policy and strategy papers are founded on needs analyses, often laid down in (the weaknesses of) SWOT analyses. The available documents have been scrutinised in order to confirm this philosophy, with encouraging outcomes. Strategies are abundant and cover various periods of time. Maximum care has been given to base judgments only on strategies that were valid at the time of programming. At the same time, the evolution of strategies (and needs) over time was taken into consideration, when looking at the relevance of programmes and projects. The adoption of the Armenian Development Strategy, and the introduction of new strategies for the financial perspective 2014-2020 have resulted in a strong convergence of EU programmes with the national needs in the PSD/Competitiveness sector. In Moldova, the needs for the sector were not explicitly expressed so logically, programming cannot be in line with them. Regional programmes appear to reflect the policy needs of the Commission, more than the needs of the countries in the region. The field study corroborates this finding: in the view of the beneficiaries, multi-beneficiary programmes contribute little to actually expressed country needs. It was found by the evaluators that the

latter is caused mainly by the fact that too few sector specialists from the countries are aware of the multi-beneficiary programming process and therefore, cannot express their needs.

Judgment criterion 1.2 – The quality of design of individual projects/interventions/contracts is adequate in terms of intervention logic and definition of indicators.

For individual projects, the designs usually describe the “pathway to change”, the causal relationships between inputs, activities, outputs, results and objectives. Moreover, the final objective to be reached by the project (the specific objective, or purpose) is given, and if the quality of the design is good, so are the indicators for measuring its realisation. Complex programmes, entailing a multitude of purposes, are more difficult to catch in a logical framework. The ENI East instrument is per definition a multi-sector programme, and none of the strategic documents – even at the level of AAPs – include intervention logic specifically for the PSD/Competitiveness sector. What can be said in general terms is, that throughout the years there has been consistency in terms of programme objectives, at all levels (inter-regional, regional, national). Whereas national programmes have not focused on the sector (Armenia 2014 is a positive exception), regional investments through the NIF have generated substantial loan and credit programmes for SMEs. This, too, is a continuing process. Therefore, and in line with the definition of the judgment criterion above, the evaluation has focused on the quality of design of individual projects. Information on the sample projects is included in Annex 7.8. There is a steady evolution of quality of project designs. In the opinion of the evaluators, this shows a steep learning curve on the part of the programmers, especially those within the Commission Services (EUDs and HQ). Objectives, purposes, results and activities improved in terms of their definitions and descriptions, obviously a result of much better analyses of the implementation environment. As of – say – 2013 or 2014, fewer and fewer projects that showed serious design flaws were conceived, although the definition of indicators remains an issue to be further studied. There are still cases where result indicators are formulated as quantified outputs (e.g. 10 brochures produced), and indicators of impact are either lacking, or a repetition of these output indicators. In terms of quality of design, regional projects tend to be less explicit in their results and objectives than the national ones. The evaluators have the impression that several of these projects are not based on a thorough analysis of problems, needs and objectives but rather, that their design was triggered by internal Commission considerations as well as prior agreement with international organisations on allocations. In such cases, needs analyses are made retrospectively to fit interventions already decided upon. This impression is corroborated by the fact that, with rare exceptions, explicit problem, needs and objective analyses were not found for multi-country projects.

The ENI East regional strategies claim to work on many priorities, such as democracy, good governance and stability, economic development, climate change, energy, environment, integration with the EU, regional cooperation, investment projects, cooperation in higher education, political association, civil society, capacity building, governance and management. Many of these priorities are also the main concerns of the national programmes. What is lacking is a clear distinction of needs to be tackled through country programmes, and which ones through the regional programme. The basic principle should be subsidiarity, providing the countries with (budgets for) national programmes in all fields that could better be dealt with at their level, while the regional programme should limit itself to those issues that – as is faithfully declared in the regional programming documents – cannot be addressed with the same efficiency at country level. Therefore, an explicit analysis of regional needs that cannot be addressed nationally should precede PSD/Competitiveness programming at the regional level.

EQ02: To what extent is relevance enhanced through co-ordinated programming of national and multi-country projects?

Judgment criterion 2.1 – Programming of national and multi-country projects is a co-ordinated process at Commission HQ, EUDs and beneficiaries.

At the level of programmes, adequate coordination between programmers should lead to both the absence of undesired overlaps or doublings, and the existence of desired complementarities and synergies. The evaluators have searched for overlaps/doublings and synergies in the annual programmes (national and regional), and especially for concrete examples in the individual (sample) projects, of course for the PSD/Competitiveness sector only. The requirements for coordination of programming are implicitly and explicitly laid down in the EC programming documents, which state that since the inception of the ENPI, efforts have been made to enhance the involvement of Delegations – and thus of the Partner countries – in the programming, design and implementation phases of Regional Programmes. A Code of Conduct has been adopted to strengthen the communication, flow of information and respective roles of Headquarters and Delegations in the design and implementation of Regional Programmes in the ENPI East. Focal points for Regional Programmes have been identified in all ENPI East Delegations and enhanced coordination is also being put in place at HQ among regional project managers and geographic coordinators. The evaluators have used the field visits to obtain more insight regarding the coordination question. The focal points were not identified, and not even mentioned by the interviewees.

Armenia:

No evidence of actual coordination of programming was found in the documents reviewed, although EaP regional programmes do state that the Office of the President, the Ministry of Economy (MoE), the Ministry of Finance (MoF), the Prime Minister's Office (PMO), and the SIGMA missions were consulted. The obvious expectation was that these authorities would be able to draw the line between national and regional programmes. It was noted that in Armenia, a spirit of proper division of labour and resources among different IFIs and consensus on programmes and measures is not yet in place; this has its repercussions on the coordination between national and regional programmes.

Moldova:

The available documentation does not point to mechanisms for enhancing programming efficiency through coordination between HQ and EUD; on the other hand, whether this is a coincidence or by design, the evaluators have not encountered clear overlaps or doublings.

IN SUMMARY

No concrete evidence could be found on either documents or through interviews about the frequency and format of information exchange between programmers at Commission HQ and EUDs. Neither did the field research produce much encouraging information regarding coordination mechanisms. The latter may indeed exist, but their implementation in practice does not always work out as envisaged. When looking at the sample projects, the conclusion is that the national and the regional ones do not negatively affect each other. Concrete, out-right examples of overlaps/doublings were not found and this is corroborated by the study of overall national and regional programmes. National programming deals mostly with country-specific themes. Absence of such themes in regional programmes in itself helps avoid overlaps, but is judged by beneficiaries as one of the significant weaknesses of the regional approach. Objectively, financial instruments promoting access to finance for SMEs are best executed at the regional level, if only because this creates economies of scale, and also easier access to sources of funding. Yet, several countries have recently made the move towards programming financial instruments under their national programmes, which indicates that the regional approach has been insufficiently tailored to their specific needs. One solution is in designing differentiated instruments for specific targets and purposes; this controls the risk of overlaps but also enhances national ownership. Regional projects aiming at policy making score low in the perception of beneficiaries; indeed, there are only a few fields that lend themselves to joint policy making. On the contrary, regional projects assisting the regions with trade-related issues are highly appreciated, in particular when they aim at establishing regional systems and structures to facilitate trade. There is a strong need for better communication and exchange of information between regional and national programmers within the EC services. It is therefore not surprising that interventions at the regional level regularly by-pass the EUDs to an extent that undermines the credibility of the EUDs and ultimately the EU vis-à-vis the national authorities. It is emphasised that – perhaps with the exception of financial support programmes for SMEs – the evaluators did not find concrete evidence of conflicts or overlaps between regional interventions on the one hand, and national on the other. Yet, the overall impression is that regional projects add no or too little value to national programmes. A problem often mentioned in the field is that implementers of regional projects are foot-loose, not attached to any of the countries in the region. Their contributions are therefore perceived to have more of an academic than a practical nature.

4.2.2 Efficiency

EQ03: To what extent is the preparation of interventions managed adequately?

Judgment criterion 3.1 – *The process of preparation of contracting documentation does not show avoidable delays.*

Project fiches, action documents and action fiches should state the expected timing of contracting (or, in some cases, of launch of procurement). It should therefore be relatively easy to ascertain whether contracting was “on time”. However, this is not the case, as shown by the tables below. For the ENI East region, no systematic source of information was found to retrieve dates of financing agreements; and those dates are the baseline for procurement plans. In ENI East, programming documents as a rule do not contain time plans for procurement and contracting. For financial instruments, whether under the NIF or any other (national) programme, recognisable programming documents begin with a contribution agreement and a description of the action rather than with action fiches. References to the programming process and its timing are not included in those documents. The essential point is that the evaluators do not have sufficient information to make a judgment. Yet, a general conclusion is that, even after so many years of experience, programmers remain overly optimistic about procurement procedures, although programmers at the Commission's HQ tend to be more realistic than those at relevant Ministries and EUDs in the countries. Where beneficiaries (in general government agencies and ministries) are responsible for preparing procurement documents, such as ToRs and technical specifications, their

persistent lack of experience results in below-quality documents, going back and forth many times between them and the EUD. This is an almost insolvable problem given the high turnover of staff at beneficiaries and the shortage of staff at government institutions responsible for EU projects.

EQ04: To what extent is the implementation of activities managed adequately?

Judgment criterion 4.1 – *The activities are implemented, and outputs are delivered, as scheduled.*

This judgment criterion can only be answered at the level of the individual projects, mainly because annual action plans do not sufficiently differentiate between activities and outputs for PSD/Competitiveness and all other sectors, but also because they have no concrete delivery schedules. Project progress reports and minutes of steering committee meetings provide – insofar as available – reliable information on the timing of activities and outputs, but some further study was needed to understand whether they were of adequate quality. ROM reports did help, but are only rarely available. The field visits were used to obtain the opinions of EUDs, beneficiaries and in some cases, representatives of the final target groups. Details on the sample projects can be found in Annex 7.8. There are many factors, external and internal, that can cause delays in the execution of activities and hence, the delivery of outputs. Many such factors were observed in the sample projects. On the whole, the evaluators have only found minor issues related to implementation efficiency, most of them related to three types of factors:

- Administrative issues and/or difficulties in transposing/conciliating e.g. EU and national financial regulations;
- Budgetary rearrangements (most if not all of the times with no change in overall budget implications) to better fit implementation needs and evolving implementation landscape;
- (to a minor extent) Need to extend project duration (most if not all the times with no budgetary implications) due to e.g. problems in finding the right expertise at the appropriate time or less institutional/absorption capacity at the beneficiaries' level.

Despite this, the evaluators are satisfied with the efficiency of project implementation. Where problems occurred, the contractor and the beneficiary were able to jointly find solutions.

EQ05: How well did national projects mutually, and national and multi-country projects aimed at enhancing PSD/Competitiveness interact to reach the EU policy objectives?

Judgment criterion 5.1 – *Individual project experts have regular contacts with their peers in other projects.*

This judgment criterion is informed first and foremost by interviews with staff of “live” projects. Lacking this (because the project is completed, or staff was not available), the project progress reports were used as sources. However, such reports may mention interaction, but as a habit do not enter into details on frequency and depth. For this reason, the evaluators have decided for a general description rather than entering into project details. In the ENI East region, some exchanges exist between projects, but they are ad hoc rather than systematic. The local representatives at the EBRD in Armenia, executing national as well as regional projects, have regular contacts with their colleagues of the EastInvest project, and are planning to work closely with EFSE, GiZ and partner lending institutions. Also in Armenia, it was noted that in the absence of an IPR Advisor within the EU Advisory Group, the necessary donor coordination for EU funded projects in the field was handled by the EUD, while the RTA of the *ENPI 2011 – Strengthening the Enforcement of Intellectual Property Rights* undertook to coordinate with other donors to align the efforts made on IPR Enforcement. The Armenian PRDP project regularly exchanged views with the Swiss Development Cooperation, the World Bank and ASIF, with the purpose to coordinate their projects and formulate a joint reaction to the Government decision to transform ASIF into a Regional Development Fund. EU policy objectives are clearly formulated in many policy and strategic documents; yet, it became clear that project teams had difficulty recognising policy objectives that are not directly connected with the project they are implementing. It happens that project implementation teams are many times absorbed by their own day-to-day priorities and concerns and do not invest sufficient time and effort in cross-fertilising and mutually leveraging project activities, results and effects, even if programming documents tend to always mention such interest and list other interventions (including from other donors) with which linkages should be nurtured and explored. As a general conclusion, inter-project interactions are rather linked to projects' methodological approaches and/or management & monitoring processes, while there is no evidence suggesting that they stem naturally from the projects' actions and stakeholder/beneficiaries' participation.

Judgment criterion 5.2 – *Beneficiaries have established project-related working relations with beneficiaries of other projects.*

Judgment criterion 5.3 – *Beneficiaries succeed in capitalising on synergies between national and multi-country programmes.*

These two judgment criteria were combined after the analysis of the outcomes of document study and field visits. The Institutions Survey shows that interaction and/or establishment of working relations with other PSD project(s) and/or respective beneficiaries was high among respondents. In the ENI East region, around 75% of the responding institutions declare some kind of working relationship with other projects in the field of PSD/Competitiveness. Institutions in the ENI East region claim “exchange of contacts” as the most important reason for collaboration and interaction. The less intensive type of interaction (excepting “other”) in the ENI East region is “co-funding actions”. The desk and field research did not yield any evidence regarding interactions among project or programme beneficiaries. Meetings held during field visits concluded with the impression that insofar regional projects are present in the countries, the EUD provides information regarding these programmes and their activities. In a few cases, information meetings are organised by national institutions like the Ministry of Economy, the Ministry of Industry, etc. These meetings offer examples of possible contributions by regional projects and relevant national institutions endeavoured to spread the word. It was argued that the added value of regional programmes is the creation of relations between enterprises and institutions – without the regional programmes, the contacts would not be maintained. Hence, contribution to regional integration is ensured. In relation to the overall needs in the region, the budgets of these projects are however weak and thus their attractiveness in terms of direct benefits is generally perceived as low by local stakeholders.

EQ06: How can programming of support to SMEs projects be improved to achieve strategic objectives more effectively and efficiently?

Judgment criterion 6.1 – Degree of programme adequacy to effectively and efficiently achieve strategic objectives.

To answer this EQ and the related judgment criterion, it is first necessary to know which the strategic objectives are that have to be achieved. This is by no means an easy task. As an example, the document “Programming of the European Neighbourhood Instrument (ENI) – 2014-2020 Strategic Priorities 2014-2020 and Multi-annual Indicative Programme 2014-2017” states that *Priority will be given to projects that contribute to achieving EU policy objectives in the region, as described inter alia in EU Council Conclusions, EU Agreements (notably Deep and Comprehensive Free Trade Areas (DCFTAs), ENP Association Agendas / Action Plans, EU policy frameworks as regards investments and inter-connectivity in the Neighbourhood. Priorities set out in the relevant programming documents, including the ENI regional and bilateral strategy papers for the Neighbourhood, will be taken into account in this context. In the Eastern sub-region, priorities will also take into account policy objectives set by Eastern Partnership platforms and panels, the Eastern Partnership transport networks and the Energy Community. The NIF should be seen as a modality for enhancing policy dialogue and implementing assistance to partner countries.* This text would suggest that “EU policy objectives” are a fluid notion, changing as required upon meetings of the EU Council and Eastern Partnership platforms/panels. The evaluators have therefore systematically studied the strategic context of EU assistance to the ENI East region. This begins with the overall external policy goals of the EU, which are to promote its values and interests by operating at one and the same time as a key global economic and political player, using various instruments including the external dimensions of the EU’s internal policies. The EU strives in particular to promote democracy and human rights, in addition to prosperity, solidarity, security and sustainable development worldwide. In providing financial assistance, defining the right “policy mix” is of the utmost importance for the EU. This means that, in order to achieve the EU’s strategic external relations objectives, consistency of policy needs to be ensured between all available instruments dealing with a given region. At the highest level, the objectives of the EU’s internal policies are laid down in the documents “Europe 2020 – A strategy for smart, sustainable and inclusive growth”, and the Small Business Act. Since these are basically strategies aimed at member states (although many of their objectives equally apply to the neighbourhood region), the use of their objectives for the current analysis is less practical. One rung lower on the strategy ladder are the EU strategies for the Wider Neighbourhood and the Eastern Neighbourhood, overall as well as for the individual countries. Objectives found in these strategies (and in particular, the MIPDs included in them) are described below.

Armenia

The 2010 Annual Action Programme (AAP) for Armenia sets out to assist the Government of Armenia in the implementation of a number of selected key areas of the ENP Action Plan. It contained actions such as “Support to the Government of Armenia for the implementation of the ENP Action Plan and preparations for the future Association Agreement” and “Twinning & Technical Assistance Facility in support to the EU–Armenia ENP AP and Eastern Partnership implementation”. The maximum contribution of the European Union to the Annual Action Programme is set at EUR 27.7 million. Specific objectives of the programme were to: (1) further improve Public Finance Management (PFM) systems; (2) contribute to the improvement of public sector transparency and performance; and (3) assist in the regulatory approximation with the EU and international requirements in trade-related areas. The

PSD/Competitiveness sector did not receive support. The AAP 2011 sought to complement the first phase with a view to (i) enlarge the scope of the Commission support to the implementation of the ENP Action Plan and AA/DCFTA processes, in particular through inclusion of customs reforms and public sector modernisation (e-Governance), and (ii) deepen support to public financial management, public sector transparency and trade areas reforms. The EU contribution was EUR 45 million and did not directly cover the PSD/Competitiveness sector. Also in the AAP 2012, no objectives were included specifically related to the PSD/Competitiveness sector. The majority of support was aimed at justice reform. In the AAP 2013, the priority actions were (1) support to agriculture and rural development; (2) support to regional development; and (3) framework programme in support of EU–Armenia agreements. The AAP 2014 contains actions such as support to human rights protection and, for the first time, support to SME development. The specific objective is to improve the national business and investment climate and support the creation and development of SMEs. The AAP 2015 does not include actions aimed at PSD/Competitiveness, but focuses on 1) improving the efficiency of Armenia's labour market and the employability of its workforce; and 2) supporting transparency and accountability of fiscal governance through continued public finance reform.

Moldova

Overarching strategic documents for EU support to Moldova are the ENPI Strategy Paper 2007-2013, the MIPD 2007-2010, the MIPD 2011-2013 and the Single Support Framework (SSF) for the period 2014-2017. Annual Action Programmes are based on one or more of these documents. The Annual Action Programme (AAP) 2010 contained the following priorities: support for democratic development and good governance; support for regulatory reform and administrative capacity building; support for poverty reduction and economic growth; and implementation of the ENP Action Plan. No actions related to the PSD/Competitiveness sector were included. Also the AAP 2011 did not address PSD/Competitiveness. Instead, priorities were support for good governance, rule of law and fundamental freedoms, support for social and human development, support for trade and sustainable development. Yet, one of the actions financed concerned facilitation of the settlement of the Transnistrian issue through ensuring economic and social development of local communities, and this is one of the sample projects. In 2012, the Moldavian AAP addressed good governance, rule of law and fundamental freedoms; social and human development; trade and sustainable development with, as a special objective to support economic, social and territorial cohesion, a focus on the development of an effective regional development policy. The AAP 2013 priorities were exactly the same as those in 2012. No PSD/Competitiveness related actions were foreseen. From 2014 onwards, the Single Support Framework (SSF) for the period 2014-2017 is the basis for programming of EU assistance. The three priority sectors of intervention to be financed through the national envelope are Public administration reform, Agriculture and rural development, and Police reform and border management. In actual fact, there is no explicit reference to, or action for, the PSD/Competitiveness sector. The priorities of the AAP 2015 are based on the SSF, namely public administration reform as well as police reform and border management. They also cover support for capacity development and institution building in favour of civil society.

Regional programme EAST

Overarching strategic documents for EU support to the ENI East region are the revised ENPI Interregional Programme Strategy Paper 2007-2013, the ENPI East Regional Programme Strategy Paper 2010-2013, the Multiannual Indicative Programme for the period 2007-2010, the Multiannual Indicative Programme for the period 2011-2013 and the ENPI Regional Indicative Programme for the period 2011-2013. Annual Action Programmes are based on one or more of these documents. Priorities AAP 2010-part I, II and IV are: Democracy, Good Governance and Stability; Economic development; Climate Change, Energy and Environment; and Advancing integration with the EU, promoting Regional Cooperation and Promoting Investment Projects in ENP partner countries. Part III aims at promotion of institutional cooperation in higher education. Further study of the documents does not reveal any action aimed at the PSD/Competitiveness sector. Priorities AAP 2011 part I are: (1) TAIEX, (2) SIGMA and (3) Promoting student and academic mobility (Erasmus Mundus). Part II attaches priority to democracy, good governance and stability; economic development; climate change, energy and environment; and advancing integration with the EU and promoting regional cooperation. PSD/Competitiveness has no place in this AAP. Priorities AAP 2012-part I, II, III and IV are: democracy, good governance and stability; economic development (including, inter alia, transport); climate change, energy and environment; and advancing integration with the EU and promoting regional cooperation. Part V is directed at promoting investment projects in European Neighbourhood Policy Partner Countries, the scope of which covers the Neighbourhood Investment Facility. Apart from the latter (possible blending or on-lending activities, no actions aimed at the PSD/Competitiveness sector were distinguished. The regional AAP 2013 addresses democracy, good governance and stability; economic development (including, inter alia, transport); climate change, energy and environment; and advancing integration with the EU and promoting regional cooperation. No PSD/Competitiveness. Priorities AAP Neighbourhood-wide 2014 (based on European

Neighbourhood – wide measures' Priorities 2014-2020 and Multiannual Indicative Programme 2014-2017) are: 1 "Building a partnership for inclusive economic development and integration" that includes support to investment and social and private sector development and makes reference to the Neighbourhood Investment Facility (NIF); and as priority 3 "Targeted capacity building" that includes supporting the approximation of the regulatory framework to EU norms and standards and enhancing public governance systems and refers to multi-country programmes such as Technical Assistance and Information Exchange (TAIEX) and Support for Improvement in Governance and Management (SIGMA) to support approximation and public governance systems. The NIF explicitly also addresses private sector development. Priority AAP Neighbourhood-wide 2015 is: Building a partnership for inclusive economic development and integration" that includes support to investment and social and private sector development and makes reference to the Neighbourhood Investment Facility (NIF), which will facilitate additional investments in infrastructure and in transport, energy, environment, and to support social and private sector development in the European Neighbourhood Partner Countries

IN SUMMARY

The strategic documents covering the period 2010-2013, contain only a few (strategic) objectives related to the PSD/Competitiveness sector as defined for the present evaluation. Their formulation is not always straightforward, as can be seen in Annex 7.10. Yet, it is clear that during this period, the Commission showed great ambition to solve as many problems and needs as possible in the countries. Yet, the real actions that can be financed each year appear by far too few to realise even a fraction of the strategic objectives. In that sense, the EU programmes per definition cannot be adequate to achieve strategic objectives. Perhaps it would be wise to narrow down the scope of EU interventions to a manageable range. PSD/Competitiveness was only one of many sectors and, at the country level, obtained little attention. Fortunately, the NIF was operational at the inter-regional level and has substantially helped tackling the main problem experienced by SMEs: access to finance. For the years 2014 and 2015, the strategic documents are much more concise; at the inter-regional level, it is only the NIF that aims at support to PSD/Competitiveness, while no such actions are foreseen under the ENI East regional programme. The two country programmes differ, Armenia having clear objectives as regards private sector development, while Moldova still has to cope with more basic problems such as rule of law and human rights. Regional, inter-regional (ENI-wide) and national programmes appear to be largely isolated, stand-alone (ad)ventures. The evaluation has shown that – at least in the PSD/Competitiveness sector – they do not negatively affect one another, but synergies are rare, at least as far as mutual leveraging effects are concerned. The best element of regional programmes consists of its financial instruments. Thanks to the scale of operations, they manage to attract the necessary public and private capital to finance large investments, not only in infrastructure but also – many times through local banks or other regional/local players – in the private sector. Regretfully, the general opinion (registered during field work) is that initiatives such as regional policy development, joint policy development, etc. do not succeed in fostering ownership at the national beneficiary level. In the view of the evaluators, the 2010-2013 programmes in general were over-ambitious in that they covered too many objectives. Compared to other sectors, PSD/Competitiveness was underrated as a sector in need of support and consequently, interventions were ambiguous in the sense that as far as private sector development was concerned, they were designed as parts of larger actions. Moreover, neither in regional nor in national programmes were there any actions designed to work on competitiveness of sectors, regions or the country as a whole. On the whole, the ENI East programmes during 2010-2012 were not adequate (in terms of design, efficiency and effectiveness) to realise the strategic goal of improved prosperity in the region. The programmes valid for 2014 onwards are different. They appear to dedicate more attention to the acute needs of SMEs, while at the same time tackling the competitiveness aspects, such as the general business environment. Armenia is likely to benefit from this approach while in Moldova, there is still a persistent focus on other sectors than PSD/Competitiveness. The NIF deserves special mention. It has, throughout the period under evaluation, fulfilled its role as an instrument blending grants and loans and the interventions aimed at private enterprises can be judged successful. As noted by the IFIs themselves in their progress reports, the instrument was limited to facilitating on-lending, while there appeared to be a great need for additional services, such as development of the quality of local consultants. The IFIs have, where possible, provided these services at their own expense. With the start of the new financial perspective, programming has taken this need into account. Adequacy cannot be measured yet, but it is very likely that this and other widening of the services package will lead to better fulfilment of the overall strategic objectives.

EQ07: What was the most efficient approach in the various projects? And why was it better? How was the programming different vis-à-vis the other projects?

Judgment criterion 7.1 – Timeliness and quality of outputs and results.

The answers to evaluation question 04 provide insight in the timeliness and quality of outputs and do not require repetition here. In order to achieve results, however, active involvement of beneficiaries is required. For instance, delivery of a strategy by a project means little if it is not adopted and implemented

by the beneficiary country; provision of training courses may be a good project output, but the implementation of the new knowledge is the real result. An analysis of results is given under EQ08 and EQ09 below, and equally does not require repetition. The institutions survey shows that in terms of timeliness of delivery, the average appreciation by respondents is slightly less positive, with the majority of responses falling in the “reasonable” category. As it happens with effectiveness, there is a slightly higher score for multi-country/regional projects. The evaluators were not able to reach any conclusion on best project approaches in the ENI East region. Yet, it became clear that projects that combine direct business advice and direct business finance with policy dialogue are deemed to be most successful, although most of them are of recent date and cannot show results yet. At any rate, there is a need for more convincing power to align national authorities behind the idea of the importance of policy development instead of merely (financial) support to SMEs. With regional projects seeming stronger in terms of programming robustness, the most important factors related to design and implementation that are at the basis of successful performance across all countries and regions are:

- Clear design and intervention logic, including “S.M.A.R.T.” character of the indicators set in the Logical Framework (when it exists). This may in some cases be due to insufficient capacity from national/sector Monitoring & Evaluation systems to provide relevant information, in which cases further investing in setting up and sustaining such systems, as a matter of priority, would allow the emergence of more evidence-based policy making and monitoring of results;
- Robust (and properly codified) management & monitoring processes;
- Strong capacity to induce ownership (including participatory approaches);
- Capacity to deliver tangible effects with perceived value for beneficiaries;
- Quality of the implementation teams;
- Capacity to adapt to changing realities.

Those programmes and projects involving mostly financial tools/facilities, particularly when mixed with targeted technical assistance (which is highly valued by beneficiaries and is the case of several interventions of blending nature, are among those showing the most efficient approaches in terms of both efficiency and effectiveness. In relation to more classical technical assistance projects, the level of attainment of the factors listed above depends to a large extent of the quality and professionalism of the teams involved (at design/formulation, implementation, monitoring and evaluation phases), this from all stakeholders, and the rigour and transparency (meaning actual visibility and accountability) imposed to the processes inherent to all the different stages of the project cycle. The more exposed (to outside, even public scrutiny) one is, the better one will perform.

4.2.3 Effectiveness

EQ08: To what extent has EU assistance contributed to tangible improvements in the business environment?

Judgment criterion 8.1 – *Expected results as stated in project designs, related to aspects of the business environment, are realised or likely to be realised.*

In line with the established methodology (embodied in the evaluation matrix), the evaluation has looked at a few significant features making up the business environment, namely (1) entrepreneurial learning opportunities including women entrepreneurship, (2) regulatory and institutional framework for SME policy making, (3) availability of support services for SMEs, (4) existence of innovation support to SMEs and (5) green economy: availability of services to promote eco-innovation and eco-efficiency among SMEs. These are all dimensions of the SBA.

The survey among SMEs shows that 69% of the companies that have responded experienced an increase in entrepreneurial learning opportunities between 2010 and 2015, induced by the use of any kind of funding source. Furthermore, although the differences between size groups are not large, micro enterprises appear to benefit more from this kind of donor support than small, medium-sized and large ones. The EU is perceived by the respondents as the most effective funding source for entrepreneurial learning, both in general and in relation specifically to women. It is interesting that funding from national budgets is reported to be the second most important source; other donor funding obviously plays a limited role. Of the enterprises who responded to the survey, 27% confirm that they have engaged in some kind of environmentally friendly and/or energy efficiency actions as a result (or by-product) of external funding. For those who did so, the EU is reported decisively as the main source of funding. It must be taken into account that at least 25% of the invested efforts relate to energy efficiency, which is not in itself part of the PSD/Competitiveness sector. The institutions survey carried out under this evaluation indicates that considerable growth has occurred in the number of jobs in business support organisations. The growth rate in ENI countries is three times higher than that of IPA countries, the difference being even more perceptible at the regional/multi-country level. Information obtained from the surveys points at positive results in this area, brought about by interventions by the EU as well as other donors. The sample projects studied in Armenia were designed to deliver a contribution to various aspects of the business environment, and they were successful, or are likely to become successful, in delivering the related results. The projects in Moldova – as maintained earlier – were not specifically designed to improve the business environment; insofar as related activities were included, they seem to have delivered satisfactory outputs, but due to lack of project reports it is not possible to judge whether all these outputs have been turned into sustainable results. As for the regional projects in the sample, the information is somewhat ambiguous. Two out of four have not been designed to work on any of the above-mentioned aspects of the business environment. The other two projects seem to have been moderately successful but fail to report on the details of these successes.

Judgment criterion 8.2 – Expected results as stated in project designs in the IPA area, directly related to the adoption and implementation of the acquis, are realised or likely to be realised.

Not applicable to the ENI East region.

4.2.4 Impact

EQ09: To what extent has EU assistance contributed to tangible improvements in access to services and in performance of supported companies?

Judgment criterion 9.1 – Expected results as stated in project designs, directly related to access to services, are realised or likely to be realised.

Access to services endeavours to measure (1) number of SMEs having gained access to finance as a result of EU-funded projects; (2) number of SMEs having obtained non-financial (soft) support as a result of EU-funded projects; (3) number of SMEs having received assistance from business support organisations as a result of EU-funded projects; and (4) number of SMEs having joined a cluster as a result of EU-funded projects.

In the SME survey, over 3 out of 4 (77%) responding enterprises declared that they received support from the EU, while only 2 out of 5 declared that they benefitted from funding from another donor. Furthermore, there is a positive correlation in receiving national funds with using the EU funds. Both factors together highlight the relevance and the visibility for SMEs of EU funding to Private Sector Development and Competitiveness. Non-financial support benefitted ca. 100 enterprises, against less than 80 for hard support. EU funding was the major source for non-financial support, whilst distribution is more balanced where access to finance is concerned. National (budgetary) funding was pervasive in the case of loan guarantees while other donors were more present in equity capital. It must be noted that this corresponds to the perceptions of the respondents, whilst reality may be different. For instance, what is perceived as a national budgetary source may in fact correspond to a state-managed fund financially supported by the EU and/or other donors. In addition, more than one donor (including the EU) may be involved in e.g. equity funds made available to SMEs in the relevant markets. About two thirds of the respondents confirm having received support from BSOs during the period 2010-2015. In terms of percentage, the highest rate

is observed in micro, followed by medium-sized enterprises. Large enterprises are those showing the smallest percentage. In terms of support origin, the EU comes in first, however in the case of micro enterprises the differences among the 3 sources are minimal (with the reserve, made already, that national funding may hide donor origin of the funds used). The survey also shows some positive linkage between age of the company and the percentage of BSO support. This may point at the existence of a learning path, or a maturity level to reach, by SMEs for better benefitting from BSOs' support. Participation in clusters as result of funding was reported by more than 25% of the responding enterprises. EU and national funding are clearly the most effective sources of funding for this, with other donors not even being reported in the case of large companies. Medium-sized and micro enterprises are those reporting higher levels of participation. In general terms, the EU is clearly perceived as the major source of non-financial support to SME development, and not so much so in relation to financial support to SMEs. Details on the individual sample projects can be found in Annex 7.8. As was already noted in relation to previous EQs, projects tend in general to deliver, in physical terms, what they promise. It may therefore be concluded that those projects aiming at contributing to achieving improvements in either access to services and/or performance of directly or indirectly supported SMEs have indeed done so. It is however very difficult to measure how these improvements do contribute to better performance by MSMEs. It was already noted that the intrinsic quality of the indicators in the upper layers of the log-frames, if they exist at all (see section on Relevance), does not often allow to reliably (i.e. where causal effect may be properly determined) and timely measure such end-user effects. And, in fact, many of the sampled projects having been completed or gone through sufficient implementation time, fail to provide hard facts to demonstrate tangible achievements (other than the physical realisation of what had been planned). In addition, sustainability of many of the results generated may also be questioned (see section on Sustainability). Many of the service provision instruments/institutions are project-driven and tend to fade over time in quality and quantity. The latter has several causes, of which institutional/Human Resources weaknesses and/or lack of financial sustainability beyond the period of external funding emerge as the most frequent. All the above leads to a summary conclusion that, whilst expected results directly related to access to services, as stated in project designs, are most of the time indeed realised or likely to be realised, their sustained usefulness to the general universe of the MSMEs in the ENI East region is less certain.

Judgment criterion 9.2 – *Expected results as stated in project designs, directly related to SME performance, are realised or likely to be realised.*

The performance of SMEs can be measured in many ways; for this evaluation, the main indicators selected were the numbers of SMEs showing, as a result of EU funded projects, (a) growth in turnover and/or (b) growth in international trade and/or (c) growth in jobs.

The SME survey shows a linear relationship between the companies' sizes and the effectiveness of funding to support growth in turnover. This may be due to a combination of converging factors, for instance capacity to put in practice more effective growth strategies and the likelihood that funding specifically aiming at growth preferably targets larger companies. This tendency is especially visible in IFI-led interventions, with the exception of those few specifically supporting microfinance. Those companies that did experienced growth thanks to external funding, financial support from national budgets (which, as noted before, may sometimes have been misperceived) seems to have been the most effective source, followed by EU funding. Since, however, the above mentioned IFI-led interventions are often part of EU funded blending instruments, it may be concluded that funding initiated by the EU is the strongest among the external sources leading to growth in turnover. The survey also shows that the EU is the most effective and efficient source of funding in support of internationalisation of enterprises. Successful enterprises in terms of growth in international trade in majority attribute their success to concrete EU support, while help from other donors is reported to be less effective and/or efficient. A vast majority of the respondents reported growth in jobs in the period 2010-2015, as a result of external assistance. No clear information was obtained on the sources of funding that precipitated this growth. Men scored higher (90% of respondents) than women (70%) although the latter result is also significant. The question was asked whether respondents are aware of growth in jobs in their value chains and the response was tentative. Job increases were assumed but it must be taken into account that respondents apply a level of caution in estimating behaviours of wider groups, for which information may naturally be less accurate. In fact, for both value chains and sectors it is very likely that answers are based on perceptions rather than on hard data. Details on sample projects are given in Annex 7.8. Some projects (e.g. EBRD's SBS) in ENI East provide clear data on performance improvement in SMEs having directly benefitted from projects' actions. This, being important, does not necessarily mean that a clear and incontestable causal linkage may be established between the actions of any given project and the variation in the performance of respective beneficiary SMEs. Again in the case of EBRD, some indicators relate to data to be collected one year after completion of relevant intervention, however it is not clear to which extent such important information may feed overall EU aid's performance analysis and evaluation.

And in some cases being reported, such information either does not integrate divulged monitoring data on the result indicators, or is still under preparation. Other projects only provide some vague, partial and/or physical realisation-related indicators, which do not allow to assess respective performance in relation to impacts generated under this judgment criterion. The evaluators were informed that there are efforts underway to respond to these challenges. The indicators used now in the sector can help assess/track performances. Moreover, in the last 5 years ESTAT has developed and provided a number of indicators which track PSD/Competitiveness at country level (ENI and IPA regions). More Data/Baselines are becoming available year by year. One important element of judgment complementing the above considerations comes from the SME Survey, where about one third of the respondent enterprises reported an increase in their annual turnovers as a result of EU support. An interesting element – which would deserve particular attention – is that the answers received show a positive linear correlation between size and changes of annual turnover in the direction of increase, which means that the positive impact of EU support in this particular dimension is smaller for those beneficiaries most in need of support, and this in turn allows to question issues such as ownership, absorption capacity of the smallest enterprises and, which may be even more challenging, how EU-funded interventions are actually able to reach out to the smaller layers of the MSME landscape.

EQ10: To what extent was the assistance to innovative SMEs effective in achieving the desired results, namely on environmentally better product manufacturing, green technologies, energy-efficient building materials, energy and environment labelling products and services, intelligent heating and cooling systems and eco-friendly products? And what possibly hampered its achievement?

Judgment criterion 10.1 – *Introduction of environmentally friendly (green) technologies since 2010.*

Judgment criterion 10.2 – *Evidence of problems with introduction of environmentally friendly technologies and products.*

This EQ is clearly connected to EQ08 (judgment criterion 8.1). The SME survey shows a rate of 27% in implementation of any kind of environmentally friendly and/or energy-efficiency actions, which on first sight is rather positive. Reference is made to the relevant table in section 3.3.2 of Annex 7.6, where the scores are shown for the various environmentally friendly actions listed in EQ 10. It shows a positive rate of only 4% to 7%, (thus in the vicinity of 1/4 of those having taken such actions), depending on the environmental action listed. EU (financial) assistance does not play a decisive role as compared to other funding sources. None of the sample project in the regional or national programmes explicitly aims at the environmental aspects mentioned in EQ10. It must be stated, in addition, that reports on implementation or progress, whether they concern programmes or projects, do not mention any of these issues. It may be concluded that the introduction of green products and production methods has not played a major role in the EU programmes in the relevant period, and at the same time is not perceived as a priority need by entrepreneurs. This is not illogical, since the economic situation in many of the countries scrutinised forces businesses to primarily look at methods of survival. Although a complete picture does not exist, it appears that the majority of donor-financed actions were either of soft nature or did not “force” significant structural changes in business practice. The evaluators, therefore, judge that environmentally friendly (green) technologies have not played a decisive role in programming for ENI East, at least in the programming years 2010-2015.

EQ11: Are both genders equally affected by EU assistance to the PSD/Competitiveness sector? If not, why? If so, was this due to a specific element in programming or implementation?

Judgment criterion 11.1 – *Degree of gender equality/balance in projects design and implementation.*

While gender equality is referenced in the EU strategies dealing with SME development it cannot be found in more recent strategic national documents central to the competitiveness agenda. There is a standard paragraph in many of the programme fiches for gender equality but no data can be retrieved concerning real implementation to allow for a sustained generalised judgment in this respect. The maximum that may be said is that all evidence gathered points in the direction of projects’ real gender neutrality and that no relevant gender-related concerns are reported. This does not correspond to a proactive character of EU PSD/Competitiveness policy in relation to promotion of gender balance. It is interesting to see that, while in many cases rather strict stipulations regarding gender equality are included in project fiches or action documents, these stipulations often cannot be found in terms of reference. This may be one of the reasons why contractors are not explicit on the implementation of gender equality measures. For illustration, the table in Annex 7.8 presents, for the sample projects, the way in which gender-related issues were included in project designs on the one hand, and project implementation reports on the other.

4.2.5 Sustainability

EQ12: To what extent are the outcomes of the EU assistance likely to continue producing effects after the end of EU funding?

Judgment criterion 12.1 – Sustainability of key project effects.

In order to answer this evaluation, question the focus of the analysis rests on “effects” and their sustainability, as opposed to projects themselves and their possible continuation beyond closure, e.g. through subsequent EU/donor financing. For this purpose, effects are defined as the combination of outputs and results. They have been extensively dealt with under EQs 04, 08, 09 and 10 and will not be repeated here. Each individual project has been studied to gauge the likelihood of sustainability. For the analysis, the completed projects or activities in our sample were the most relevant, as these presented outputs and results (as explained under EQs 04, 08, 09 and 10) and their effects could be observed in time. Different types of projects led to different types of effects, mostly intangible: (1) enhanced capacity of different stakeholders (individuals and institutions) at macro, meso and micro level, (2) improved business environment, (3) development of enterprises themselves (measured, in many cases through indicators such as turnover and number of jobs created and maintained), (4) improved strategic framework including through strengthening the policy-making research & evidence-base (to a more limited extent). More information can be found in Annex 7.8. All projects analysed address the issue of sustainability through generic commitments in their initial design documents. Concrete measures for this purpose – such as preparing comprehensive exit strategies – were developed in only a handful of projects. In terms of capacity building, a distinction should be made between the institutional and the individual level, which are, obviously, interrelated. The sustainability of effects of newly created institutions depends in most cases on further donors’ involvement which allows them to continue their activities, even on a non-systematic basis. Overall, the institutions capacitated in the projects analysed (new or older) are confronted with threats to sustainability derived from lack of financial resources for their maintenance or development and from lack of decision-makers’ involvement. For some of them the same cooperation with donors/EU guarantee their sustainability as the cases in which they are involved in replicated governmental programmes identified in this evaluation are scarce. The analysis revealed that an element with strong potential to contribute to sustainability of project effects in the capacity development area is the development and retention of individuals capable of effectively furthering the activities of the institutions. This has been evident in most projects analysed, from RDAs, Chamber of Commerce in Moldavia, IPR institutions particularly in countries with strong performance (Armenia), etc. Particular attention should be paid to this element in countries where this capacity building process is under implementation. A contribution in this area is brought by the tools developed in different projects (e.g. databases/management systems, training kits), which continue to be used beyond the lifetime of the project and thus continue to support institutions to yield results. The same cannot be said about different schemes targeting SMEs directly or through intermediary institutions (in Moldova, Armenia), as these have been rarely replicated by the government with national funds. The landscape of legislation and strategies as outcomes of projects with positive effects on business environment is mixed. Differences exist also at national level and this hampers the identification of clear causal factors which determine this situation. One key factor is the political perspective on the importance of a particular area (e.g. intellectual property rights in Armenia) but also the demand (not the need) for a particular legislative framework. Although relatively easily quantifiable, effects on SMEs supported beyond projects are the least documented. No case was identified in which SMEs benefiting of support were monitored beyond the lifetime of the contractual relationship with the financier with the exception of the EBRD evaluations of TAM/BAS/SBS. However, qualitative evidences prove that many SMEs do develop in technical and economic terms and continue with the wider approach adopted as a result of the BS services they benefited from. Both SMEs and consultants gain ownership under different schemes in the medium- and in the long-run the demand for SBSs increases. The capacity of regional programmes to have effects beyond their closure depends on the type of activities carried out and, particularly, on the link with the national governments and their ownership on activities and results, which in turn influences their replication at national level. As revealed by the fieldwork, this linkage is not sufficiently strong for a cross-fertilisation between the two types of programmes to take place. An exception in terms of regional programmes taken up at national level is the *ENPI 2012 SBS I – Implementation of EBRD SBS programme*; for other cases identified during fieldwork information at disposal did not allow triangulation thus no valid finding could be formulated. Regional programmes deploying financial instruments targeting MSMEs and, in some cases, providing complementary technical assistance (such as the EBRD projects, EFSE) are in themselves sustainable as revolving funds and sustain a high likelihood of key project effects lasting and leveraging/multiplying at mid-and long-term. Other regional programmes tend to face financial sustainability challenges and developing an exit strategy in such cases is advisable. The key threats to sustainability identified refer to the lack of political support and of adequate financing, but also to the lack of a sustainability monitoring system at project and programme level, to be put in place already in the design phase and deployed during and after the project implementation. Such a system would allow the development of an adequate/customised definition of sustainability from the outset and of the necessary measures to be taken, at all levels (EU, national government, beneficiary) to ensure it when the project is completed.

Judgment criterion 12.2 – Leveraging/multiplication power of key project effects.

Effects – if any – are described under criterion 12.1 above and will not be repeated here. Each individual project has been studied to gauge the presence and power of leveraging and multiplication. For the purpose of this analysis we use, as an “operational” definition, the following concept of “leverage”, which contains “multiplication”: “The ability to influence the project context, in a way that its outcomes are multiplied without a corresponding increase in the consumption of resources.” In financial terms “leverage” may refer to supplementary funds set in motion by a particular intervention (e.g. private co-financing a public instrument applied to SMEs). The findings are presented in Annex 7.8; they add aspects particularly relevant for this judgement criterion to the comments made in relation to previous judgment criterion on sustainability, as sustainability is itself an enabler (a necessary, albeit not sufficient condition) for leveraging/multiplication of project effects. Several projects analysed have either multiplied their effects or the necessary preconditions are in place for them to do so in the future. The leveraging potential is directly conditioned by the sustainability of effects in itself. National projects targeting SMEs supported either with grants or business support services are rarely multiplied but the latter have a higher multiplication effect through the further funds which are often raised. At regional level, such financial projects have clear leveraging effect. The extent to which projects with intangible results manage to multiply their effects (e.g. to reach more enterprises in different areas IPR, e-business, overall development) depends in most cases from the willingness and capacity of the national government and involved institutions to focus and take measures for this purpose. Particularly important is for the government to develop a strategic approach in the different areas analysed (from regional development to IPR, innovation, SMEs support, trade, etc.), which takes into consideration the projects’ results and lessons learned, and to implement this strategy in a result-oriented manner, in partnership with the relevant institutions and other stakeholders. In some cases, the leveraging of a project effect is ensured through a follow-up intervention. Evidently, this cannot be repeated endlessly, if only because there is a limit to the availability of EU funding.

EQ13: How can programming of EU assistance be enhanced to improve the impact and sustainability of financial assistance?

Judgment criterion 13.1 – Lessons learnt on sustainability success and failure factors.

In Armenia, the analysis ends up in the identification of a series of sustainability-related lessons learned and success factors, as follows:

- The existence of a result-based monitoring and evaluation system and steering mechanism which enables responsible institutions to better coordinate different SME support programmes and take into account their outcomes for public-policy (re)formulation;
- The existence of a functional public-private dialogue to underpin the policy-making process;
- In the case of direct measures for SMEs (financial/non-financial) a shared contribution from beneficiaries’ side would enhance sustainability. However, the share should differ depending on the type of enterprise targeted;
- TA should be in place at all times to support project beneficiaries, particularly in the first phase of the project when the needs assessments and pre-feasibility studies are prepared.

A constraint to impact and sustainability which relates also to programme and project design is visible in Moldova: the lack of quality data for baseline analyses and target setting for both projects and programmes. The efforts to correct this situation go hand in hand with the governments’ ownership of the reform process and willingness and capacity to prioritise and gear private sector development. In this context, inter-ministerial and institutional coordination is a condition which, if not fulfilled, hampers sustainability and impact prospects. This is even more important for the Confidence Building Measures as they involve the authorities in Tiraspol which are not in all cases sufficiently open to cooperation. Equally important is the evidence which reveals that lessons previously identified are taken on board in the project *ENI 2015 – One-stop-shop for opening and closing business under PAR*, for example new approaches to capacity building interventions in the form of “learning by doing” or the stakeholders’ obligation to work together in project application and implementation. The effects of these lessons learned and applied are yet, to be seen, but hopefully the strengthened management and monitoring system planned will be able to identify and mitigate risks timely. As for the regional programmes EAST, success factors identified relate to the clear understanding of EC’s and EUDs’ policy and funding principles and priorities; the existence of provisions at project level promoting and regulating long-term evaluation; development of mechanism to set aside the resistance to innovation and risk-taking at general institutional and policy levels; development of mechanisms to ensure the proper division of labour and resources among different IFIs and consensus on programmes and measures. Overall, the most important lessons to be learnt at policy level for improving sustainability, impact and their prospects are:

- Generally, ensuring national government and other stakeholders involved, including beneficiaries, ownership of interventions implemented and their outcomes. This translates especially into a

strong correlation between EU-projects and national strategies and measures in the sense that the latter are built up or at least take fully into account the former.

- Specifically, ensuring national governments' commitment to measures to be taken in order to guarantee the sustainability of project outcomes and their effects. This is possible only if such measures are project-specific, identified already in the project/programme development phase and systematically monitored, together with possible risks, during and after project implementation. Efforts at full speed are needed in order to solve the challenge of data availability and quality.
- In all cases a project-specific mechanism needs to be designed for this purpose during the project development phase and an exit strategy should be a part of it. Such a measure would increase the design and logic of intervention of the projects, as well as the quality of their implementation strategy and would, consequently, strengthen their sustainability and impact potential.
- In terms of project design and implementation strategy it is essential to ensure a better alignment between the different types of contracts provided for (i.e. TA, equipment, works) as incoherent contract implementation (e.g. equipment and TA not timely available) still undermines the projects impact and sustainability.
- This is particularly important for projects registering intangible effects, at both national and regional level, as the financial types of interventions are mostly sustainable in themselves. For the latter, however, a mechanism for monitoring the effects and their sustainability beyond the intervention itself (e.g. loan, BSB) at beneficiary level is badly needed.
- If regional programmes are not better articulated with the national level (institutions, policies) their prospects for sustainability are rather low. For this purpose, adequate governance systems, including national presence might be needed, e.g. as in the case of EBRD which is currently solidly established in 4 countries of operation in the region, and therefore provides local institutional strength and high degrees of proximity with key local players, at institutional, financial and business levels. Adequate mechanisms should be designed also in the case of this type of projects for monitoring sustainability of effects.
- Increased attention needs to be paid to capacity building at individual level and its capitalisation at institutional level and in time. For this purpose, an adequate evaluation system is needed, e.g. based on Kirkpatrick model².
- The sustainability of interventions and their effect positively correlates with the ownership of local experts and enterprises on the PSD process and measures and thus their partnership at strategic level and contribution at intervention level needs to be ensured.

EQ14: Is there enough ownership over R&D and innovation activities? If so, how was this managed? If not, why?

Judgment criterion 14.1 – Degree of ownership over R&D and innovation activities.

There are two levels of ownership: policy ownership as shown by national and sub-national authorities, and ownership of actual systems and tools as expressed by final beneficiaries, such as universities, technology institutes, science parks, technology brokers and others. Ownership of R&D and innovations by SMEs is taken for granted; they would not engage in any such activity, whether spontaneous or induced by an EU-funded project, if they could not see the commercial benefits. Throughout the period 2010-2015, the ENI East Instrument, at the country programme level, has included substantial financial support in the field of Research and Development, in the form of co-financing of the costs of participation in the FP7 and H2020 programmes. More information is given under EQ16 below. An analysis of the objectives of the ENI regional programme and the Moldova national programmes shows that at the level of the ENI instrument, there are no explicit activities foreseen to promote innovation. Two of the more recent projects in Armenia (*ENPI 2014 – Support to SME Development in Armenia*, and *ENPI 2014 – SME Finance and Advice Facility*) do pursue innovation-stimulating objectives, but they are not (yet) translated into concrete activities. These projects are so “fresh” that it would be presumptive to speculate on ownership. More information on the sample projects can be found in Annex 7.8. The factors listed above in relation to EQ 07 (most efficient approach) and EQ13 (better programming of EU assistance to improve impact and sustainability), when considered in the framework of those projects that have provided concrete innovation support at any level, provide a good part of the response to this Evaluation Question. But there are elements that are specific to R&D and Innovation, which add to and/or leverage the other, and these may be summarised as follows:

² See <http://www.kirkpatrickpartners.com/OurPhilosophy/TheKirkpatrickModel>.

- Long-term commitment to R&D and Innovation support, as key drivers to enhance value-addition by businesses in target countries and regions – this must result from an intelligent combination of sustained national policies and Donors' co-ordinated continued support.
- Capacity to contribute to creating and strengthening, and only preserving and sustaining, R&D and/or innovation-support institutions that demonstrate capacity to generate and secure a sustained stream of own revenues: If R&D and innovation are value-generating activities, and respective benefits are to be ultimately be perceived by the private sector, this latter must be convinced that there is a price to pay for continued provision of R&D and/or innovation-related services provision. Cases such as the IP Institute in BiH, IPR protection and enforcement in Serbia and, to an extent, the R&D&I project(s) in Egypt, seem to illustrate this point well.
- Stakeholders inclusion and active participation in R&D and Innovation promotion, as it seems to be the case of Support to SME Development in Armenia: In fact, innovation in particular must be understood as a societal value, not just as a profit enabler for businesses.
- Finally, the capacity of the EU to attract participation in e.g. R&D Framework Programmes (the FP7 for the period in consideration, now the H2020) and innovation-related networks and activities (CIP for the period in consideration, now COSME) represents an important leveraging factor, which may however suffer from significant barriers to entry (e.g. formal adhesion by the countries, which implies paying respective shares) and must overcome perception (sometimes very real) of high opportunity costs for R&D and/or business candidates.

It seems that awarding a significant degree of autonomy to R&D and/or innovation specific interventions from wider programmes/projects, if combined with appropriate levels of effective co-ordination, collaboration and mutually leveraging with other PSD/Competitiveness interventions, may be the most cost-effective way to provide sustained R&D and Innovation support.

EQ15: How likely is it that beneficiaries at policy and implementation levels will continue to demonstrate ownership of the results of EU-interventions?

Judgment criterion 15.1 – *National and sub-national legislation, institutional and administrative provisions are in place that guarantee financial and technical sustainability.*

Insofar as legislative, institutional or administrative follow-up should be given to the Armenian IPR Project and the regional development project, action from the side of the national authorities is still required. For Moldova, the only conclusion to be drawn is that the confidence building project may have its positive effects on SMEs and the population at large, but given the difficult political situation related to Transnistria, changes in legislation, institutional and administrative provisions are not to be expected anytime soon. Only one regional project in EAST requires administrative, institutional and budgetary follow-up and that is the SME policy reforms project implemented by OECD. According to information from the field, new Agencies were created to implement respective SME strategies and carry out SBA-related recommendations. As it happens in relation to other EQs, those programmes and projects involving financial instruments, particularly when mixed with targeted technical assistance (which are typically funded through blending instruments) demonstrate a high degree of ownership of the results of EU-interventions, in the first place within the supported SMEs, but also within local financial institutions. No doubt the effects will continue within the SMEs (barring unforeseen external developments). Although only an impression, the propensity of local financial institutions to continue advantageous credit facilities for their clients seems limited, because they will not be compensated for lower income or even losses by EU/IFI programmes. Financial instruments such as EFSE have, due to their revolving character, almost an “eternal” character, but this is not the case for many other EU/IFI financial instruments, where the services cease the moment EU grant co-financing ends. The strategic documents making up the ENI East instrument do not formulate sustainable solutions except for annual expansions of the funds available under the NIF. There is a need for local systems to gradually take over the donor role. For the other projects, persistence of enabling conditions, such as institutional capacity, human resources sufficiency and adequacy, and sufficient levels of appropriation (all points raised already in previous EQs) constitute key factors for increased ownership. Lack of (insurance of) financial resources after EU intervention completion is, on the other hand, a key hurdle in many cases. What is very seldom seen in these projects is clear and well-sustained (kind of business plan) exit strategies for the instruments, tools and services created or nurtured by EU projects. What is many times written in project design and reporting documents is, to a large extent, insufficiently sustained in hard and real facts and data, where the factors enumerated above are treated lightly at best? A higher degree of rigour and exigence in this respect (including, as already noted before, higher levels of transparency and accountability) would contribute to higher degrees of ownership of the results of EU-interventions. Another point, noted in several projects that were analysed, is the slow pace, or even real lack, of adoption, by relevant authorities, of national and/or sub-national legislation, institutional and administrative provisions so dearly needed to embed results of EU interventions in the national institutional environment. Administrative and legislative processes are often too complex and slow to efficiently conciliate with programmes' and

projects' limited time-frames and resources, and also multiple political, economic and social interests stand in the way of timely resolving sustainability-related issues. The above is by no means a new topic, nor is it typical for the PSD/Competitiveness sector. It has been broached by many evaluation reports over the past decades and still not closer to a solution, while in reality it is perhaps the main factor impeding long-term effectiveness. More efficient awareness raising and stakeholders' inclusion in the projects' processes and activities would likely contribute to reduce – but by no means eliminate – this negative element.

4.2.6 Coherence

EQ16: To what extent is the EU assistance coherent with other interventions which have similar objectives? To what extent is EU assistance coherent with other action in the field, such as SMEs support in relevant areas of the European programmes, namely the Seventh Framework Programme and the EU's Competitiveness and Innovation Framework Programme (CIP)? Is EU assistance coherent?

Judgment criterion 16.1 – Clear strategic and operational links exist between EU assistance and the SME support embedded in the (former) Seventh Framework Programme.

FP7 was the European Union's Research and Innovation funding programme for 2007-2013. The current programme is Horizon 2020, but there are many projects funded under FP7 which are still running. Under FP7, SMEs were actively encouraged to participate in all research actions, especially those under the themes of the Cooperation programme and Joint Technology Initiatives. The rules for Participation in FP7 specify a funding rate of 75% for research and development activities of SMEs.

Judgment criterion 16.2 – Clear strategic and operational links exist between EU assistance and the SME support embedded in the (former) Competitiveness and Innovation Framework Programme (CIP).

DG Internal Market, Industry, Entrepreneurship and SMEs promotes industrial cooperation, SMEs, entrepreneurship and inclusive sustainable development with Mediterranean and Eastern neighbouring countries as part of the European Neighbourhood Policy. CIP was the European Union's Competitiveness and Innovation Framework Programme for 2007-2013 and had an overall budget of EUR 3.6 billion. Under CIP, SMEs have (had) opportunities to obtain better access to finance, as well as support for innovation, and regional business support. The current programme is COSME, the EU programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises running from 2014 to 2020 with a planned budget of EUR 2.3 billion.

Armenia signed the International Agreement on 10 December 2015 to participate in COSME (except for the financial instruments) which entered into force on 29 December 2015. The contact point for COSME is the Fund "SME Development National Centre of Armenia", established by governmental decree in 2002. It is a main national structure assigned to implement State Support to SMEs and programmes targeted to development of the sector, ensuring a dialogue between SMEs, government and other structures. The SME DNC of Armenia provides technical and financial assistance to operating SMEs and Start-ups through: (a) Increasing efficiency and competitiveness of SMEs; (b) Ensuring availability of business development services; (c) Supporting their internationalization; (d) Promoting innovations and R&D activities, etc. The head office is located in capital city Yerevan. Branch offices are located in all 10 regions. In the period 2007-2013, the country has managed to utilise EUR 4.15 million of the FP7 programme (9.2% of ENI East). During the same period, approximately 50% of its contribution (entry ticket) to the programme was financed through the EU national programme for the country. There is already since 2003, a national contact point for H2020 (formerly FP7) at the National Academy of Sciences of Armenia, that cooperates with EEN Europe Enterprise Network. The NAS RA was founded in 1943 and is the highest state scientific self-governing organisation in the country which unites NAS Members and scientific staff of affiliated scientific and research institutions to carry out basic and applied research in different scientific fields and coordinate research throughout the country. NAS RA is the official scientific consultant to the government and other highest governing bodies of Armenia. NAS RA maintains wide international cooperation within the framework of cooperation agreements with academies and research organisations of around 10 countries. Yet, no SMEs have participated in FP7 projects. The sample projects programmed for 2010-2013 do not have elements related to FP7; the 2014 project "Support to SME Development" executed by GiZ however, envisions to raise the capacities of the SMEDNC, the Academy of Science, the State Committee of Science, the Enterprise Incubator Foundation (EIF) and other relevant bodies, to effectively participate in the COSME and Horizon 2020 programmes and efficiently utilise the resources made available through those two programmes. This is expected to facilitate building joint research platforms between European multinationals or institutions and local Armenian research community leveraging on existing successful models of cooperation. Quantitative information on Armenia's participation in FP7 and H2020 programmes surely exists, but the evaluators do not possess it.

Moldova signed the International Agreement on 29 September 2014 to participate in COSME (except for the financial instruments) which entered into force on 7 April 2015. The information such as provided for Armenia is not available for Moldova. Yet, also in this country, the EU finances part of the entry tickets for the programmes. There is a national contact point for COSME (formerly CIP). One of the Moldovan sample projects (ESRA) has dedicated much effort to improving the functioning of local systems for COSME and H2020. A major deliverable was the preparation and submission of an application for EEN for the period 2015-2020; the Chamber of Commerce is the lead partner/applicant, while other partners are ODIMM, AITT and the Moldovan technology transfer network. Three of these partners have been involved in EEN since September 2011, under article 21.5 of the CIP programme. The lessons learned from that experience are that (a) there is a need for greater and stronger coordination from the CoC to achieve communication; (b) there is a need for more emphasis on training and capacity building of project staff; (c) there is a need for strengthening awareness raising and promotion; (d) there is a need to strengthen provision of innovation-related expertise. Since 2013 the Moldavian technology transfer network holds the position of SME national contact point for H2020. Quantitative information on Moldova's participation in CIP and COSME was not found.

ENI EAST regional projects did not and do not aim at stimulating countries in the region to utilise FP7 or H2020, CIP or COSME. This is logical and appropriate, since under the principle of subsidiarity this is precisely a task of the national programmes.

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Participation in CIP (now COSME) and FP7 (now H2020) is promoted by the EU through financing part of the entry tickets to the programmes. Not all countries have signed agreements with the respective programmes, but most have. Only a few national projects have specific activities aimed at promoting operational participation in the programmes, and none of the sample projects supports strategic link. It was found during the field visits, however, that the establishment of national infrastructures (contact points, etc.) for H2020 and COSME, which was a precondition for, or part of, the agreements with the programmes, has at least boosted the operational links with them. Although some global information was retrieved, the evaluators have abstained from collecting detailed data on the use of CIP, FP7, COSME and H2020. Other evaluations, assigned by the COSME and H2020 units at the Commission, are more appropriate tools for that. It was concluded that the ENI Instrument is only moderately successful in fostering strategic and operational links with both EU programmes. The reason for this is that such activities were not mainstreamed, but were rather programmed as side-operations in the framework of larger interventions. It is a matter of choice: either the promotion of CIP/COSME and FP7/H2020 in ENI East is completely left to the Brussels' units responsible for them, or the tasks are divided between those units and the national ENI programmes. For many reasons, the latter may negatively affect efficiency, effectiveness and transparency. To avoid misunderstanding, the evaluators are of the opinion that the co-financing of entry tickets is properly allocated through national programmes. It is the promotion, awareness raising and direct assistance to applicants that needs further conceptualisation.

EQ17: To which extent are national and regional programmes complementary and aligned with the principles of the EU Small Business Act?

Judgment criterion 17.1 – *Representation of the SBA principles in programming documents and project designs.*

Methodological note:

As for the allocations to PSD/Competitiveness, the data in the tables below stem from the information contained in Annex 7.4 to this report. References to the SBA can be found in practically all sample projects. The tables below, in the second column, only refer to projects that have included concrete activities to foster SBA principles in the respective countries/regions. The projects themselves are listed in the above-mentioned sections.

As far as PSD/Competitiveness support is concerned, the ENI East instrument heavily leans on the principles of the Small Business Act. Reference is made to either the complete Act, or specific dimensions, in all strategic and programming documents. More importantly, where strategies are translated in more concrete intervention policy (namely in the MIPDs), the relationship with the SBA principles/dimensions is made still more specific. The result is that nearly no concrete action, project or intervention designed does not actively support the strengthening of one or more of the SBA dimensions.

| Programmes 2015 | 2010- | Total PSD support (M€) | Advancing the SBA (M€) | SBA/PSD (%) | Main SBA dimensions addressed |
|--------------------|-------|------------------------------|---------------------------|-------------|-------------------------------------|
|--------------------|-------|------------------------------|---------------------------|-------------|-------------------------------------|

| Programmes 2010-2015 | Total PSD support (M€) | Advancing the SBA (M€) | SBA/PSD (%) | Main SBA dimensions addressed |
|----------------------|------------------------|------------------------|-------------|-------------------------------|
| Armenia | 27.2 | 26.4 | 97 | 1, 6 |
| Moldova | 27.8 | 7.2 | 26 | 1, 4 |
| ENI East regional | 109.5 | 83.4 | 76 | 1, 6, 9 |

As far as the Armenian and Moldavian sample projects are concerned, programming documents and implementation reports over the period 2010-2013, whenever applicable, contain adequate references to the SBA. Yet, many a project fails to translate these references into concrete actions. The SME Policy Index 2016 for both countries show some improvements as regards various SBA dimensions, but this progress can only partially be attributed to the selected EU interventions. At least in Armenia, future interventions (the 2014 SME Support Facility executed by GiZ and EBRD) contain many actions related to one or more of the SBA dimensions. If successful, these projects will considerably advance Armenia towards the SBA. At the level of the overall ENI instrument, the SBA and its individual dimensions are adequately represented in strategy and programming documents. EU support to advancing the SBA at the National level is spread over a higher number of SBA dimensions, with relevance for those which either demand proximity actions and/or are linked to nation-specific contexts or frameworks, as for instance institutional and regulatory framework, operational environment for business creation, public procurement and, to an extent, enterprise skills and innovation. It is noticeable that, on the basis of the information gathered from the projects that were identified by the team at both national and multi levels, SBA dimension 9 (SMEs in a green economy) is relatively under-represented in the overall context of EU support to advancing the SBA.

EQ18: To what extent has the EU assistance enhanced the visibility of EU aid, and promoted innovative approaches to aid delivery?

Judgment criterion 18.1 – *Contribution of programming and implementation to EU visibility.*

In general, and putting aside small omissions or mistakes in implementing EU visibility rules, all projects that were analysed comply with applicable regulations. The capacity of such compliance is however not the same when we look at financial instruments, such as those mentioned above, and more typical Technical Assistance projects, which tend to better convey the message of the crucial importance of EU's support to achieve respective goals. This is mostly due to the nature of the support provided and, most particularly, to the fact that, in the case of financing projects, particularly those funded by blending instruments such as the EIF and the NIF, respective end-user actions and instruments are most of the times delivered through more than one layer of intermediary institutions (e.g. an IFI and a local Bank), which tend to dilute EU's visibility. For instance, it is assumed that local Banks are generally not obliged to either have specific SME financing lines and/or comply with EU visibility rules when they are addressing their client SMEs and using EU-financed funds. The programming documents related to the ENI East sample projects contain the obligatory chapter on EU visibility. In implementation, vast differences were noted between individual projects. Without any exception, all credit line and other SME financing projects funded by instruments of blending nature, which are implemented by IFIs such as EBRD, EIB, KfW, etc., lack effective visibility measures, in terms of respective end beneficiaries/users. This was confirmed in the field; neither SMEs, nor BSOs or responsible public authorities were aware of the EU financial inputs in SME funding instruments established to blend grants and loans. The problem is in the system. Each project separately is obliged to carry out its own visibility measures, while in actual fact the team of experts was hired for different, specialised services. They cannot be expected to be also visibility experts. Even when visibility measures are carried out dutifully, the overall effect on "EU visibility" is confusing. For example, each project produces its own website, with its own lay-out and functionality, but often without direct links to other EU funded projects. It was found on several occasions that websites of projects already completed years ago, were still online. This is not the best advertisement. Furthermore, respecting EU visibility rules does not necessarily guarantee that EU assistance through these projects enhanced the overall visibility of EU aid. None of the projects provide, as far as the documents made available to the evaluation team show, any assessment in this respect. It would have been appropriate to include, towards the end of the projects' implementation periods and/or shortly after respective conclusion (and for sure within final evaluation exercises), surveys targeting the wider generality of project beneficiaries (including indirect and potential ones), and/or for instance the SME community in the various countries, including a question on this issue. In Armenia, PSD/Competitiveness-related projects were implemented as part of complementary actions to wider budget support programmes. The IPR enforcement twinning project is such an example. Although the twinningers have duly followed the EU rules on visibility while producing folders, leaflets and conferences, the discussions in the field have made clear that apart from the directly concerned (public) institutions, nobody clearly realises that the project was made possible through EU contributions. The 2014 PSD/Competitiveness programme is fully implemented by EBRD and GiZ. Interviews with potential grantees have shown that

they refer to the “GiZ grant”, without any knowledge of EU contributions. This is illustrative. As for the segment of the programme implemented by EBRD, the evaluators refer to the remarks made under “general” above. Some projects, such as that of UNDP in Moldova, have their own specialised communication expert providing tools and training to project as well as beneficiary staff on how to engage media as well as providing assistance and facilitating the promotion of programme results. This has led to an unprecedented communication campaign on both sides of the Nistru River, as it is testified by the detailed Communications and Visibility Report. Another project in Moldova, ESRA, can be regarded a success story as far as visibility is concerned. A specialised short-term expert was hired to assist in the project’s PR & visibility actions carried out within the framework of the 2014 EaPIC ESRA BSP and to formulate the 2010-2014 ESRA BSP Success Stories’ Booklet. Under the ENI EAST regional programme, the OECD states that “appropriate measures will be taken to publicise the fact that the project has been carried out with the financial assistance of the European Union by:

- mentioning in official documents and letters that the project has received financial assistance from the European Union;
- including the EU logo in publicity material for meetings, e.g. banners and agendas;
- including the EU logo in all publications as per the Framework Agreement signed on 31 August 2011 between the Publication Office of the European Union and the OECD”.

The OECD will promote the project on its website. The interview OECD showed that all mentioned activities were indeed carried out as planned. Yet, in the view of the evaluators, the actions and their effects are rather minimalistic. It may therefore be said, on a moderately positive note, that compliance with applicable rules is normally observed, but actual contribution to enhance the visibility of EU aid may in many cases not have been a major concern.

Judgment criterion 18.2 – Contribution of programming and implementation to promoting innovative approaches to aid delivery.

Innovative character of EU assistance is understood, for the purpose of this evaluation, as the extent to which projects, in their design, implementation and/or outreach, manage to detach from mainstream project tradition and/or landscape in EU assistance and, in particular, in the relevant region and/or countries.

In Armenia, Moldova and the regional EAST programme, EU’s aid delivery has followed traditional, old-fashioned approaches, such as simple TA, twinning, supply and grants. Budget support, although perhaps innovative for the country itself, is an aid modality long in use for third countries. Moreover, the BS contracts evaluated had few if any elements of support to PSD and Competitiveness. The direct support to SMEs which started in programming year 2014 could be regarded as an innovation in aid delivery, insofar as this breaks with EU traditions of reluctance to grant financial support to SMEs directly. With a debatable exception of the financial instruments, projects in the region are traditional technical assistance, grant schemes and supplies, although the EU increasingly uses direct (contribution) agreements with international organisations. This at least helps reduce red tape and in addition, relieves the EUDs of much work. One cannot say that the widespread use of blending instruments makes the regional programmes truly innovative. Yet, as a means of mobilising public, private and IFI capital for development purposes, it is very successful. Some innovative approaches to implementation can be observed in individual projects, such as the introduction of peer review procedures in the regional OECD project that provided a rubber stamp and guaranteed commitment by Governments, as countries are treated at par, and not prescribed a recipe.

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Judgment criterion 18.2 is thus met to some extent in the ENI East region, particularly if the innovative character of EU assistance is considered in the relevant regional context. At the national level, the indicator is not met in Moldova, whilst in Armenia some projects do present some innovative approaches which, unlike what is noticed at the regional level, appear to be linked rather to implementation than to pure design, which shows that it is possible to promote innovative approaches to aid delivery even when the design itself of the interventions does not necessarily imply so. The most obvious innovation in EU aid delivery is that of financial instruments and especially that of blending of grants and loans. However, in one form or another, such instruments have already existed for at least a decade, so it is arguable whether they still can be considered innovative. Even the establishment of a private equity fund now taking place in Armenia is not a new feature, since EFSE is an example dating back to 2005. There is a tendency to shift support through financial instruments from the regional to the national programmes and this indeed is an innovative approach. Furthermore, it is observed that as of 2014, programming in several countries (Armenia is a good example) is geared towards simplified implementation, at least from the perspective of the EU services. This happens through complete transfer of financial, management and implementation responsibilities to accredited national, but mostly international, institutions, reducing

the obligations of the EUDs to performance monitoring; even ex-ante approval procedures are rarely required in such cases. Finally, it is acknowledged that what is an innovation in aid delivery in one country, has already become standard procedure in another. Both the Commission Services and the national authorities appear to be constantly searching for new and better mechanisms, which is deemed a good sign.

4.2.7 EU added value

EQ19: What is the added value resulting from the EU interventions, compared to what could be achieved by the beneficiary countries without such interventions?

Judgment criterion 19.1 – Complementarity and non-contradiction or overlapping between beneficiary and EU programmes.

The SME survey does not directly address this judgment criterion, but provides some interesting information on how EU assistance is perceived as compared to national budgetary support or other donor support. More than 50% of the respondents report significant or very high satisfaction with the EU-funded projects they participated in, with about half (28% of total) stating that expectations were totally met or even exceeded. Caution is required here: few respondents have a clear view of actual donor sources, so this finding probably does not only relate to EU inputs. Only 11% of the implementers are absolutely unsatisfied with the results. Small and medium-sized enterprises express the highest satisfaction. It is noted that all participating large enterprises report only partial satisfaction, whilst data shown in previous points confirm that large enterprises are not among those having less benefitted from donor support. This lower level of satisfaction may be linked, on the one side, to the small sample size (for large firms) and to a higher degree of expectations from these bigger, more organised and better structured companies.

Armenia and Moldova have a number of programmes for support to (innovative) SMEs that are financed from the national budget. Until and including the programming year 2013, EU support under the national envelope was basically limited to one IPR enforcement twinning project and did not contribute to, or reinforce, these nationally financed programmes. Regional EU programmes, especially those aiming at access to finance under the NIF, have indeed been complementary to the efforts of the Armenian and Moldavian Governments, but did not succeed in establishing a comprehensive package of financing possibilities, covering all target groups. It is significant that none of the persons interviewed had any knowledge of the existence of these regional programmes. Another issue is that commercial banks in the countries almost exclusively provide senior loans, with high security (collateral or guarantees) and predominantly engage in re-financing of existing clients. Thus, they do not cover large segments of the target group of SMEs. Against this background, EU-funded business financing programmes were and still are indeed a welcome complement to what was and is available. It is important to note that EU programmes, in financial terms, are an order of magnitude larger than measures financed from national budgets, for obvious reasons. Even if there were to be some overlaps, this has little negative influence. It was found that EU interventions and national budget interventions are strictly separated.

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EU added-value is never questioned either in documents or by stakeholders, whoever they may be. To a large degree, complementarity and non-contradiction with national or regional programming are ensured in both regional and national programming, in relation to both national- and other donor-funded PSD/Competitiveness support interventions. A few cases of overlapping may be detected in some areas, such as:

- Provision of training to SMEs and/or BSOs;
- Consultancy/advisory provision to SMEs;
- Financial/funding provision to SMEs.

Of the above, the latter is not problematic, provided that EU's State-Aid rules are respected and transparency and accountability are ensured in relation to the instruments being put in practice and respective management. Furthermore, except for grants (for which State-Aid limitations should be able to impose appropriate limitations), most if not all the financial instruments being placed at the service of SMEs are managed and regulated by principles and mechanisms applicable to the IFIs that have the role of implementing them, and this includes, among many others, proper due diligence. Freedom of choice (with respect for equal opportunities) may in this respect have a much higher value than possible negative effects caused by overlapping or competition among instruments. Furthermore, most of the IFIs involved are very keen in not practising market conditions that might distort local financial markets, their role being more of complementarity and coverage of market gaps than of conquering market share. Finally, the technical assistance provided to local banks, consultants and beneficiary SMEs plays a crucial role that classical financial markets and institutions do not in any way ensure, thus increased added value from EU-funded interventions. Overlapping in relation to consultancy/advisory provision to SMEs does happen at times, among both EU-funded and other donors-funded interventions (national funds are very seldom

used to support this kind of provision, except in very niche cases where there are clear market failures). The problem here may exist more in terms of market distortion (which would tend to harm the commercial, mainly local, consultancy market) and might, if not properly monitored and controlled, risk inducing negative consequences in terms of donor-dependency by SMEs, particularly those less competitive, in relation to resorting to consultancy services. Whilst the evaluators did not detect any specific case where this is actually happening to a significant degree, it seems clear that more effort should be made to monitor structural effects of this kind of aid (and particularly of possible effects of overlapping among interventions) and, whilst the importance of continued investing in it to support PSD/Competitiveness sustained improvement, they should also continue to search for the best possible approaches to minimise and control the identified risks. The case of overlapping in provision of training to SMEs was mentioned in some interviews, namely in countries within the ENI South region. The consequences here may be market flooding (i.e. incapacity of the beneficiaries to absorb – to maximum appropriation and benefit – the outputs of the training being provided) and, particularly when training is free of charge, low retention rates in terms of participation. Some of the reasons for the existence of this overlapping may be linked to, for example, insufficient/insufficiently targeted and/or professionally executed training needs assessments (TNA) and/or to training in management- and business-related issues being a rather straightforward activity guaranteeing a number of advantages for project implementers, such as large number of beneficiaries, involvement of local experts and significant budgetary effects. It seems therefore clear that, as for consultancy/advisory provision, more consistent and sustained (real-time) monitoring and (ex-ante, mid-term, ex-post) evaluation of the overall PSD/Competitiveness-related training landscape in each country, which would necessarily imply more efficient and effective donor co-ordination. Inclusion of better structured and professionally executed TNAs as a prerequisite for implementing training actions would also very likely pay out in terms of value for money. A second aspect in this EQ relates to self-sufficiency of beneficiary countries, i.e. the extent to which the added value resulting from the EU interventions could be achieved by the beneficiary countries without such interventions, and here the results of the evaluation exercise made are rather straightforward:

- In relation to what could be replaced by other donors' support, the conclusions on relevance, complementarity and non-overlapping provide a clear and absolutely uncontested idea that the inexistence of EU funding would have a very negative impact and could not be fully and effectively replaced by other donors. There are countries where the EU is by far the strongest donor in PSD/Competitiveness support, and many donors are either lightly, or even not at all, present in regional terms. Furthermore, in themes such as the SBA, no one but the EU would be appropriately positioned to provide the necessary support.
- In relation to what could be achieved without any donor intervention, the conclusion is even more overwhelming and is that most if not all the beneficiary countries lack the budgets to provide the kind of support that the EU (and the donor community in general) is providing, at national level and even more so at the regional level. Hence, the EU added value is absolutely undiscussable.

EQ20: Which areas within the PSD/Competitiveness sector can do without or with reduced EU assistance because they are well covered by other donors?

Judgment criterion 20.1 – Areas/sub-sectors effectively covered by non-financial assistance from other donors.

and

Judgment criterion 20.2 – Areas/sub-sectors effectively covered by financial assistance from IFIs.

Methodological notes:

Regarding EU added value, both the overall PSD/Competitiveness-related documents and the sample project documents have been scrutinised. Donors and IFIs publish great quantities of information on allocations and disbursements, but the collection and systematisation of this information is not a practical proposition, for several reasons. In the first place, different donors have different definitions of PSD/Competitiveness. Secondly, donor statistics are unclear on years of programming, implementation and disbursement. Thirdly, there are several donors (e.g. Russia, various middle-east countries) who do not publicise information at all. And finally, data on success (impact) is scarce while it is dearly needed for any comparison. Given these limitations, the endeavour of the evaluators has been to confront the sample projects with comparable interventions financed by other donors.

Two statements presented for discussion to the focus groups in the various countries were:

- *EU interventions in the PSD/Competitiveness sector are unnecessary since national strategies, actions and subsidies do a better job at improving the PSD/Competitiveness sector in your country.*

- *The EU should reduce or even abandon its (financial) contributions to the PSD/Competitiveness sector in your country, and re-allocate them to other sectors, since other donors (and IFIs) sufficiently cover most or all relevant fields of assistance.*

It will not surprise anyone that the participants at the focus groups expressed their strong disagreement with both statements. In this, the evaluators found no differences between regions and countries, although it was remarked in one of the IPA countries that, gradually, the administrative costs and burdens of managing IPA funds are outweighing the benefits of the programme. Even taking into account the fact that most participants represented the PSD/Competitiveness sector and therefore had a certain bias towards it, the general opinion was that of all aid sectors, the PSD/Competitiveness sector is most in need of EU assistance, for two reasons. In the first place, because this aid is expected to have the most tangible effects in terms of welfare. Secondly, because there is no alternative for it, given strained national budgets and piecemeal contributions from other donors. Yet, it also became clear that the participants had mostly in mind the direct financial contributions the EU is providing to SMEs, directly through grants or indirectly through cooperation with IFIs in blending operations. The need for institution building, capacity building, and legislative support was pronounced as less urgent. The sample projects under the regional programme aim at business finance (2 projects), direct business advice and SME policy. Other donors do not engage in regional projects. Both in Armenia and Moldova, USAID have been very active in the field of PSD/Competitiveness during the past years. Examples are the establishment of the Innovative Solutions and Technologies Centre public private partnership with IBM, and the My Armenia cultural tourism activity. The programme for economic development in Armenia has been growing from around 6 million USD in 2011 to around 9 million USD in 2015. Equally, the World Bank/IFC spends considerable amounts in the region, in the form of loans to individual countries. Although the EU's contribution to PSD/Competitiveness under national programmes during early programming years (until 2013) has been limited as compared to other donors' efforts, the regional component (in particular the NIF and its blended loans) was large enough to offset other donor support.

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The answer to EQ20 very much relates to the reasoning made in relation to EQ19, and thus issues of complementarity, non-contradiction and areas of overlapping, already treated there, shall not be repeated here. Similarly, the extent to which EU's aid in the field of PSD/Competitiveness could be effectively replaced by other donors' aid is limited. Admittedly, EQ20 and the related judgment criteria were somewhat provocative. They have elicited expected reactions from the counterparts in the countries. From an objective point of view, it is EU support that keeps the wheels turning in the PSD/Competitiveness sector. Direct financial and non-financial support to SMEs is unanimously regarded as the best instrument. EU interventions in related fields (e.g. IPR, e-business, institution building, regional development) are considered "luxury issues" that could do with much less support. The evaluators only very partially agree with this notion, in the sense that indeed there is some evidence of projects that – in hindsight – did not have much impact. The points to make here relate therefore to the best adequacy of the EU to provide the kind of PSD/Competitiveness support it is providing, having in consideration the existing landscape of donor and IFI support in the same and related fields. One key difficulty of this analysis comes from the extreme difficulty (not to say impossibility) that the evaluators have faced in obtaining a clear picture of who is doing what, where, when, for which purpose, with which resources and to which outcomes and impacts. This obstacle was mentioned as an introduction to treatment of this EQ. In any case, some general lines may be followed:

- In relation to the donor landscape, the EU tends to be more institutional and deals less with direct actions towards the SMEs themselves. This is confirmed by both documents and interviews (including e.g. the Focus Group meetings). Donors such as USAID and GiZ are perceived as being more effective in directly targeting SMEs and also in more easily adapting to change during project execution. On the other hand, the EU is perceived as working better in, for example, institutional strengthening or policy support. Both types of interventions are necessary and useful for the ultimate purpose of fostering private sector development and competitiveness in the target countries;
- The EU is clearly the major donor when it comes to regional intervention. Hence, the EU seems irreplaceable at this level.

When it comes to IFI support, reality differs even further from case to case, and the impossibility to produce a realistic mapping of PSD/Competitiveness support (as defined, in time and scope, for the purpose of this evaluation) is a reality. Furthermore, there would exist a clear risk of double-accounting for many IFI interventions, namely those funded through EU's blending instruments (e.g. KfW, the EIB and the EBRD), as both EU- and IFI-funded cases. But some general conclusions may also be drawn:

- It stems from the analyses made in relation to several previous EQs that interventions, namely those (co-)funded by the EU, where IFIs are leading implementers tend to be well-structured,

efficiently managed and very effective. Their relevance to improve financing of MSMEs (including at the microfinance level) is unquestionable. No other type of donor-funded intervention (including from the EU) would likely be able to provide the same level of results and impacts.

- As it was already noted, the fact that many financing instruments made available through IFIs integrate, or articulate with, technical assistance provision makes them particularly performant and resilient, as in fact they contribute to decisively strengthening the capacities of the stakeholders involved, being themselves intermediaries or final beneficiaries.
- On the other hand, the fact that IFIs use, as a general rule and particularly when financing facilitation is involved, due diligence rules and practices tend to make them target mostly the best performing SMEs, thus leaving aside the vast universe of MSMEs which, with the appropriate combination of soft and hard support, might also see their competitiveness and overall business performance improved. There might therefore exist a tendency to leave important groups of MSMEs behind if support would be exclusively provided through IFIs, which leads to the conclusion that the EU succeeds in complementing IFI-driven (through e.g. blending instruments) with other types of PSD/Competitiveness assistance.
- It may be concluded from the above that, in those cases where IFI's type of intervention may be successfully applicable, resorting to IFIs (through e.g. blending instruments) is a powerful (consistent, efficient, effective, impacting, sustainable) way for the EU to convey support to the private sector, particularly in the framework of regional or super-regional programmes. This is confirmed by the few ROM reports that were made available to the evaluation team regarding this type of interventions. IFIs should therefore be used whenever possible, not forgetting that, by their nature, they cannot reach the full range of MSMEs needing, and deserving, EU support for their competitive development.

4.3 EUROPEAN NEIGHBOURHOOD INSTRUMENT (ENI) SOUTH

4.3.1 Relevance

EQ01: How relevant is the EU assistance in view of the priority needs of the countries in the regions?

Judgment criterion 1.1 – *The objectives and priorities of EU assistance are in line with the policy/development frameworks for the PSD/Competitiveness sector in the partner countries in particular in terms of the needs for financial and non-financial support to enterprises, strengthening of R&D&I, stimulation of FDI and foreign trade, improved business infrastructure and better business environment in general.*

The essential issue here is the existence and content of national strategies. In the framework of this evaluation, an inventory of such policy and strategy documents was made and followed up by a thorough study. Not each selected country has an explicit PSD/Competitiveness strategy but where such strategies are lacking, there is sufficient information contained in sub-strategies to arrive at clear conclusions. The basic philosophy has been that priorities defined in policy and strategy papers are founded on needs analyses, often laid down in (the weaknesses of) SWOT analyses. The available documents have been scrutinised in order to confirm this philosophy, with encouraging outcomes. Maximum care has been given to base judgments only on strategies that were valid at the time of programming. At the same time, the evolution of strategies (and needs) over time was taken into consideration, when looking at the relevance of programmes and projects. There is in general no shortage of country and sector strategies in the ENI South region. However, once they have been produced, stagnation becomes a new problem. Despite the existence of laudable action plans, implementation of strategies by the beneficiaries is an exception to the rule, except for those parts that are financed by the EU or other donors. Evolution in strategies is many times non-existent, once the first (sector) strategy is made, following strategies highlight the same priorities and measures and only seldom add new insights. It is true that the terminology evolves over time, but this is mainly triggered by changes in EU jargon. Comparison of EU funded programmes with the analysis of country and sector needs is often a self-fulfilling prophecy. Strategy designers are competent to thoroughly check the evolution of EU priorities and adapt their needs analyses to these priorities. It is however very seldom that solid evidence-based needs analyses were really carried out. Regional programmes appear to reflect the policy needs of the Commission more than the needs of the countries in the region. The field study corroborates this finding: in the view of the beneficiaries, multi-beneficiary programmes contribute little to actually expressed country needs. It was found by the evaluators that the latter is caused mainly by the fact that too few sector specialists from the countries are aware of the multi-beneficiary programming process and therefore, cannot express their needs. Yet, taking into consideration all information retrieved from documents and interviews, the judgment is that EU programmes and interventions in the PSD/Competitiveness sector are reasonably in line with the needs of the countries, whether expressed formally in strategies or indicated less formally by other sources.

Judgment criterion 1.2 – *The quality of design of individual projects/interventions/contracts is adequate in terms of intervention logic and definition of indicators.*

For individual projects, the designs usually describe the “pathway to change”, the causal relationships between inputs, activities, outputs, results and objectives. Moreover, the final objective to be reached by the project (the specific objective, or purpose) is given, and if the quality of the design is good, so are the indicators for measuring its realisation. Complex programmes, entailing a multitude of purposes, are more difficult to encompass in a logical framework. The ENI instrument is by definition a multi-sector programme, and none of the strategic documents – even at the level of Annual Programmes, include intervention logic specifically for the PSD/Competitiveness sector. What can be said in general terms is that throughout the years there has been consistency in terms of programme objectives, at all levels (inter-regional, regional, national). In line with the definition of the judgment criterion above, the evaluation has focused on the quality of design of individual projects. The study of sample projects (see Annex 7.8 for details) has shown that there is a steady evolution of quality of project designs. In the opinion of the evaluators, this shows a steep learning curve on the part of the programmers, especially those within the Commission Services (EUDs and HQ). Objectives, purposes, results and activities improved in terms of their definitions and descriptions, obviously, a result of much better analyses of the implementation environment. As of – say – 2013 or 2014, fewer and fewer projects that showed serious design flaws were conceived, although the definition of indicators remains an issue to be further worked on. In terms of quality of design, regional projects tend to be less explicit in their results and objectives than the national ones. The evaluators have the impression that several of these projects are not based on a thorough analysis of problems, needs and objectives but rather, that their design was triggered by internal Commission considerations as well as prior agreement with international organisations on allocations. In such cases, needs analyses are made retrospectively to fit interventions already decided upon. This impression is corroborated by the fact that, with rare exceptions, explicit problems, needs and objective analyses were not found for regional projects. What is lacking is a clear distinction of the needs having to be tackled through country programmes, and those through the regional programmes. The basic principle should be subsidiarity, providing the countries with (budgets for) national programmes in all fields that could better be dealt with at their level, while the regional, multi-country programme should limit itself to those issues that – as is faithfully declared in the multi-country programming documents – cannot be addressed with the same efficiency at country level. The regional programmes state that their main challenges are to improve access to finance, to promote competitiveness, human resources and competence, and to improve marketing and access to markets. Perhaps with the exception of access to finance, these appear to also be the main concerns of the national programmes. Therefore, an explicit analysis of regional needs that cannot be addressed nationally should precede PSD/Competitiveness programming at the multi-country level.

EQ02: To what extent is relevance enhanced through co-ordinated programming of national and multi-country projects?

Judgment criterion 2.1 – *Programming of national and multi-country projects is a co-ordinated process at Commission HQ, EUDs and beneficiaries.*

At the level of programmes, adequate coordination between programmers should lead to both the absence of undesired overlaps or doublings, and the existence of desired complementarities and synergies. The evaluators have searched for overlaps/doublings and synergies in the annual programmes (national and regional), and especially for concrete examples in the individual (sample) projects, of course for the PSD/Competitiveness sector only. Until the second half of the first decade of the new millennium, the European Union was the only donor in the region providing a significant volume of aid for regional programmes. This gradually changed since 2005, first with USAID (in cooperation with the EU and the EIB) and the OECD. No IFIs were significantly active in the wide regional scope before 2012, and the EU Member States did not have any significant regional initiatives either. Co-ordination seems to be very much a central programming concern at both national and multi-country level: By their own nature, fundamental financial instruments such as e.g. the NIF and FEMIP, articulate with relevant IFIs, at which level overlapping is very unlikely, given both the nature of the actions and the due diligence processes that are almost always involved. In most cases, IFIs exchange, cooperate (and to an extent compete) so that project viability and success, and ultimate return on investment, are maximised. On the ENI multi-country level, PSD support focus is much more on diversifying and strengthening SME funding solutions, boosting international (particularly trans-Mediterranean) cooperation and networks (which has an effect on internationalisation) and providing better services to SMEs (including through improving the quality and scope of services provided by Business Support Organisations). These kinds of interventions, in their main different natures, are better designed and tend to be more efficient and, particularly, effectively implemented at a supra-national (thus regional) level. In Egypt, overall, no overlaps seem to exist between the analysed projects and other national programmes. Synergies are created particularly between TDMEP – TA on trade & export and TDMEP – TA – Industry, as two projects working towards a common goal. Interventions under the programme “Promoting Inclusive Economic Growth in Egypt” are

synergic with TDMEP but also with the Support to Agriculture SMEs (SASME) project (ENPI 2011), EU-funded twinning projects focusing on strengthening the competition policy and regulatory environment and the capacity of the Egyptian Competition Authority, but also with regional initiatives such as "Enhancement of the Business Environment in the Southern Mediterranean", "Enhancing Investment, Innovation and Growth in South Neighbourhood" and financial and non-financial support lent to SMEs by the EU Development Finance Institution (DFI) and NIF. According to the mainstream opinion expressed during the Focus Group meeting held in Cairo, there does not yet exist a real industrial policy involving the private sector, which leads to a degree of inefficiency in e.g. knowledge sharing and training), for which a thorough mapping exercise is needed, and accreditation & regulation systems are suggested. It was alleged, in one interview, that there is no true coordination and synergy among donors' work. One example is the idea of "one-stop-shops": Creating them is proposed in EU-funded projects, while these exist already, they were created by the USAID together with the Egyptian Federation of Chambers of Commerce. The EU has relevant and effective interventions but significantly more needs to be done. Other testimonials indicate that synergy happens mostly in implementation, after calls are launched. Efforts are made to ensure donor coordination, but this is mostly the case at national level, regional projects' designs are rarely triggered at national level. There are, at this moment, many similar interventions, implemented by different donors (because large sums of money need to be spent and each donor has its own interest), but at ground level coordination is ensured. In the Algerian case, EU's programming for Algeria is very much linked to supporting e.g. the improvement of enabling conditions (and thus development of a conducive environment) for the development of competitive companies (SMEs), Institutional strengthening in key economic areas, economic growth and lower unemployment, (economic) infrastructure development, economic diversification and strengthening of value-added sectors (including ICT) and internationalisation of SMEs. Complementarities with regional programming (see above) are thus high. As national programming, in both countries being analysed, deals mostly with country-specific themes, whilst some areas may present (risk of) some level of overlapping, as it may be the case of SMEs internationalisation, it may be concluded that complementarities is ensured to a high degree between EU's national and regional interventions. Such complementarities may only be enhanced through co-ordinated programming of national and multi-country projects, as it seems to be largely the case.

IN SUMMARY

No concrete evidence could be found on either documents or through interviews about the frequency and format of information exchange between programmers at Commission HQ and EUDs. Neither did the field research produce much encouraging information regarding coordination mechanisms. The latter may indeed exist, but their implementation in practice does not always work out as envisaged. When looking at the sample projects, the conclusion is that in all three regions, the national and the regional ones do not negatively affect each other. Concrete, out-right examples of overlaps/doublings were not found and this is corroborated by the study of overall national and regional programmes. National programming deals mostly with country-specific themes. Absence of such themes in regional programmes in itself helps avoid overlaps, but is judged by beneficiaries as one of the significant weaknesses of the regional approach. Objectively, financial instruments promoting access to finance for SMEs are best executed at the regional level, if only because this creates economies of scale, easier access to sources of funding, better risk spreading and also because of the complexity of the instruments and the contractual negotiations with financial institutions. Yet, several countries have recently made the move towards programming financial instruments under their national programmes, which indicates that the regional approach has been insufficiently tailored to their specific needs. One solution is in designing differentiated instruments for specific targets and purposes; this controls the risk of overlaps but also enhances national ownership. In view of the clear advantages presented by supra-national instruments, designing financial instruments at sub-regional (e.g. national) level should constitute an exception, to which very strict criteria related to pertinence, opportunity, inadequacy of respective needs being addressed at a wider scale, sustainability and leveraging potential should apply. One principle to decide on such ventures might be to always conduct comparative cost-benefit analyses for national and supra-national instruments (for identical purposes) and have respective results influence the outcome. Regional projects aiming at policy making score low in the perception of beneficiaries; indeed, there are only a few fields that lend themselves to joint policy making. On the contrary, regional projects assisting the regions with trade-related issues are highly appreciated, in particular when they aim at establishing regional systems and structures to facilitate trade. There is a strong need for better communication and exchange of information between regional and national programmers within the EC services. It is therefore not surprising that interventions at the regional level regularly by-pass the EUDs to an extent that undermines the credibility of the EUDs and ultimately the EU vis-à-vis the national authorities. It is emphasised that – perhaps with the exception of financial support programmes for SMEs, of which the evaluators think that there are too many – the evaluators did not find concrete evidence of conflicts or overlaps between regional interventions on the one hand, and national on the other. Yet, the overall impression is that regional

projects add no or too little value to national programmes. A problem often mentioned in the field is that implementers of regional projects are foot-loose, not attached to any of the countries in the region. Their contributions are therefore perceived to have more of an academic than a practical nature. Better and more effective linkages between bilateral and regional instruments should thus be sought. To achieve this, the following lines of thought are suggested:

- Programming documents, at both levels, should include concrete activities – with specifically allocated budgets – to promote such linkages and generate specific results and outcomes (which would place a challenge at the programming level, as it would itself need to be better co-ordinated so that there would exist coherence in the two programming dimensions and practical feasibility in respective actions);
- Specific indicators, reflecting tangible results and outcomes stemming from joint/co-ordinated actions should integrate programming documents at both levels;
- Subject to coherence and intelligible reasoning, selected visibility actions would jointly involve national and regional interventions, with the focus shifting from offer (the instruments) to demand (the outcomes for the target beneficiaries);
- In donor co-ordination meetings, both national and regional levels should always be considered and a systematic requirement for concrete joint actions, bringing results with perceived value for the private sector, should be made to these meetings, with some form of visibility and accountability/public scrutiny to ensure that pressure is put on participants to be more practical and effective in the practical outcomes of donor co-ordination.

4.3.2 Efficiency

EQ03: To what extent is the preparation of interventions managed adequately?

Judgment criterion 3.1 – *The process of preparation of contracting documentation does not show avoidable delays.*

Project fiches, action documents and action fiches should state the expected timing of contracting (or, in some cases, of launch of procurement). It should therefore be relatively easy to ascertain whether contracting was “on time”. However, this is not the case, as the table below shows clearly. For the ENI South region, no systematic source of information was found to retrieve dates of financing agreements; and those dates are the baseline for procurement plans. In ENI South, programming documents as a rule do not contain time plans for procurement and contracting. For financial instruments, whether under the NIF or any other (national) programme, recognisable programming documents begin with a contribution agreement and a description of the action rather than with action fiches. References to the programming process and its timing are not included in those documents. No significant delays in contracting were found in relation to the 5 projects that were analysed at the ENI South regional level. In particular, and although the information is not sufficient for a thorough and accurate assessment, there are indications that not only time from programming to contracting did not exceed one year but also that actual delays in contracting in relation to what had been programmed were inexistent or minor. In this respect, and according to the indicators used, preparation of interventions seems to have been adequately managed in all projects. In the case of Egypt, the two TDMEP projects (TA on trade & export and TA – Industry), almost 4 years elapsed between programming and contracting. The reasons for delays are not clear. The Financing Agreement for TDMEP was signed in the end of the year following that of programming. The Research, Development and Innovation Programme phase II project also showed delays in implementing some of its components, the reasons for these delays having been the change of leadership at PIO and lack of strong administrative and management skills/leadership, staffing shortages at the EUD, quality of implementation of the FWC, complex administrative procedures. None of the reasons identified are acceptable. Reportedly, low quality services provided under the FWC cannot compensate for the lack of capacity (and leadership) on the Beneficiary’s side. In relation to the Promoting Inclusive Economic Growth in Egypt project, delays are registered in contracting. The public procurement process only for the first TA contract (relevant for this evaluation – Support to Implementation of Strategies to Foster MSME Development in Egypt) was launched in March 2016, but cancelled and relaunched on 23rd of July of the same year. Irregularities constituted the reason for delays/cancelling. For the Algerian case, DIVECO I and PME II (3 contracts) took about 1 year from programming to signature of financing agreement. DIVECO I took additional months until project field start, whilst field start was immediate for PME II but with technical assistance only having been deployed 14 months later. This field start postponement was caused by a delay in adopting the initial Operational Programme (DPD), itself due to a delay in mobilising the project’s chartered accountant. Whilst such mobilisation was certainly indispensable, such delay seems unreasonable, its underlying reason not being properly explained but probably linked to complexity/heaviness of respective administrative procedure. In the cases of the two twinning contracts (both under P3A III), ALGEX and Strategie d’Innovation Industrielle, 4 years elapsed between programming and contracting, which seems rather excessive. No relevant information was found in the documentation made available to explain the contracting delays observed in these two twinning cases. The bottom line is that the evaluators do not have sufficient information to make a judgment on the issue

of efficiency of preparation of the sample projects for contracting. Yet, a general conclusion is that, even after so many years of experience, programmers remain overly optimistic about procurement procedures, although programmers at the Commission's HQ tend to be more realistic than those at relevant Ministries DGs (or equivalent, this may vary from country to country) and EUDs in the countries. Where beneficiaries (in general government agencies and ministries) are responsible for preparing procurement documents, such as ToRs and technical specifications, their persistent lack of experience results in below-quality documents, going back and forth many times between them and EUD, as appropriate. This is an almost insolvable problem given the high turnover of staff at beneficiaries and the lack of staff at government institutions responsible for EU projects. The example given for Egypt is illustrative, but the same problems appear to exist throughout the ENI South region.

EQ04: To what extent is the implementation of activities managed adequately?

Judgment criterion 4.1 – The activities are implemented, and outputs are delivered, as scheduled.

This judgment criterion can only be answered at the level of individual projects, mainly because annual action plans do not sufficiently differentiate between activities and outputs for PSD/Competitiveness and all other sectors, but also because they have no concrete delivery schedules. Project progress reports and minutes of steering committee meetings provide – insofar as available – reliable information on the timing of activities and outputs, but some further study was needed to understand whether they were of adequate quality. ROM reports did help, but are only rarely available. The field visits were used to obtain the opinions of EUDs, beneficiaries and in some cases, representatives of the final target groups. See Annex 7.8 for details on the sample projects. There is a significant document shortage in relation to the data necessary to assess reporting compliance by analysed projects. This aspect of implementation management is therefore not possible to be assessed. There are many factors, external and internal, that can cause delays in the execution of activities and hence, the delivery of outputs. Many such factors were observed in the sample projects. On the whole, in all countries, and in all regions, the evaluators have only found minor issues related to implementation efficiency, most of them related to three types of factors:

- Administrative issues and/or difficulties in transposing/conciliating e.g. EU and national financial regulations;
- Budgetary rearrangements (most if not all of the times with no change in overall budget implications) to better fit implementation needs and evolving implementation landscape;
- (to a minor extent) Need to extend project duration (most if not all of the times with no budgetary implications) due to e.g. problems in finding the right expertise at the appropriate time or less institutional/absorption capacity at the beneficiaries' level.

Despite this, the evaluators are satisfied with the efficiency of project implementation. Where problems occurred, the contractor and the beneficiary were able to jointly find solutions.

EQ05: How well did national projects mutually, and national and multi-country projects aimed at enhancing PSD/Competitiveness interact to reach the EU policy objectives?

Judgment criterion 5.1 – Individual project experts have regular contact with their peers in other projects.

This judgment criterion is informed first and foremost by interviews with staff of "live" projects. Lacking this (because the project is completed, or staff was not available) the project progress reports were used as sources. However, such reports may mention interaction, but as a habit do not enter into details on frequency and depth. For this reason, the evaluators have decided for a general description rather than entering into project details. At the regional level, inter-projects interaction at professional level seems to exist when integrating project's methodological approach. Within the projects being analysed, this is the case of those projects dealing with e.g. intermediation, networking, enhancing business environment and promotion of MSMEs in line with EU best practices. The two projects focussed on providing financial instruments and correlated technical assistance do not report significant exchanges. No data was found in relation to significant inter-projects interaction at the beneficiaries' level. There is, as it would be expected, a good level of interaction between the two TDMEP projects in Egypt. Synergies with other projects (e.g. EU TVET projects on HRD, Twinning projects on Standardisation, UNIDO projects on Green Economy, EU "Support on Implementation of Strategy to Foster MSME development in Egypt", EBRD "SMEs financing schedule") are identified but no "procedure" for experts cooperation is put in place. At the beneficiaries' level, the works of TDMEP's Project Steering Committee contribute to an effective interaction between the main beneficiary, MIT, and other relevant central institutions involved in the project, such as ERRADA (Egyptian Regulatory Reform and Development Activity), GoIEC (General Organisation for Exports and Imports Control), etc. No evidence exists of inter-project cooperation at the either experts or beneficiaries level in the two other projects in Egypt. In more general terms, the Development Partners Group (DPG) has 15-20 members, and its purpose is mainly to exchange information. Members co-share information without a clear system. Synergy is created, not so much at

direct DPG level but rather in bilateral, informal meetings. At the DPG level, coordination among donors is ensured, in the sense that here strategic discussions are carried out on directions of interventions. For instance, value chain selection, geographical coverage of interventions (more in the sense of avoiding overlap: if one donor is active in one region, other donors will implement programmes/projects in other regions). Meetings are organised every 2 months. Some ad-hoc meetings are organised to ensure coordination at project level, if needed. All donors participate in the meetings: GiZ and German Foreign Office, ILO, UNIDO, UN Women, KfW, Italy, France, EU. The biggest players are the USAID, EU, GiZ. UNIDO is among the smaller players. While USAID has been a partner with MIT, UNIDO is more closely involved with the Social Funds. The matrix for donors' coordination is still used, although it is not a public document (as it was in 2009). Coordination was necessary but synergy is difficult to ensure in any way because after 2014, large amounts of money needed to be spent (because money was previously blocked). USAID focuses its efforts on entrepreneurship, as well as the EUD. A common platform where real coordination is realised should exist, as there are plenty of resources on the market. Political dialogue is weak. Egypt is not a "classical" country and each donor has its interest. In Algeria, DIVECO I reports exchanges with e.g. interventions from other EU members states in relation to the specific sectors/value chains and regions targeted by the project, with Twinning projects being mentioned in this respect. Intentions in the P3A III (ALGEX) twinning project are apparent in the sense of establishing linkages with UNIDO's programme, launched on February 2012, to gather the most performing agro-food industries and support their internationalisation; Intentions of collaboration were also expressed in relation to IGAO and EU's Enterprise Europe Network (EEN). There are, however, no clear signs that these intentions had been materialised at the dates of producing the available reports. ALGEX was supported mainly by France (AFP/Expertise France) prior to the twinning, and Spain, under TAIEX (but this instrument is not too suitable for ALGEX due to the short missions possible – its main advantage is the dissemination of EU practices). In the case of PME II (multiple contracts), interactions were ensured with e.g. P3A and DIVECO. These included technical meetings and ensured proper definition of respective missions, assignments and actions. It was in one case mentioned that this participation was effectively articulated with/complemented by further work supported by GiZ and together the tools developed are very useful for Algerian companies. Before the EU projects (PME I & II), GiZ worked with the beneficiaries of metrology labs and this improved the corresponding landscape. EU policy objectives are clearly formulated in many policy and strategic documents; yet, it became clear that project teams had difficulty recognising policy objectives that are not directly connected with the project they are implementing. It happens that project implementation teams are many times absorbed by their own day-to-day priorities and concerns and do not invest sufficient time and effort in cross-fertilising and mutually leveraging project activities, results and effects, even if programming documents tend to always mention such interest and list other interventions (including from other donors) with which linkages should be nurtured and explored. As a general conclusion, inter-project interactions are rather linked to projects' methodological approaches and/or management & monitoring processes, while there is no evidence suggesting that they stem naturally from the projects' actions and stakeholders'/beneficiaries' participation.

Judgment criterion 5.2 – *Beneficiaries have established project-related working relations with beneficiaries of other projects.*

Judgment criterion 5.3 – *Beneficiaries succeed in capitalising on synergies between national and multi-country programmes.*

These two judgment criteria were combined after the analysis of the outcomes of document study and field visits. The Institutions Survey shows that interaction and/or establishment of working relations with other PSD project(s) and/or respective beneficiaries was high among respondents. In the ENI South region, around 75% of the responding institutions declare some kind of working relationship with other projects in the field of PSD/Competitiveness. Institutions in the ENI South region claim "exchange of contacts" as the most important reason for collaboration, while the less intensive type of interaction (excepting "other") is "co-funding actions". The desk and field research did not yield any evidence regarding interactions among project or programme beneficiaries. Meetings held during field visits gave the impression that insofar regional projects are present in the countries, the EUD provides information regarding these programmes and their activities. In a few cases, information meetings are organised by national institutions like the Ministry of Economy, the Ministry of Industry, etc. These meetings offer examples of possible contributions to regional projects and relevant national institutions endeavoured to spread the word. It was argued that the added value of regional programmes is the creation of relations between enterprises and institutions – without the regional programmes the contacts would not be maintained. Hence, contribution to regional integration is ensured. In relation to the overall needs in the region, the budget of these projects is however weak and thus their attractiveness in terms of direct benefits is generally perceived as low by local stakeholders.

EQ06: How can programming of support to SMEs projects be improved to achieve strategic objectives more effectively and efficiently?

Judgment criterion 6.1 – Degree of programme adequacy to effectively and efficiently achieve strategic objectives.

Egypt

In the case of Egypt, abundant evidence exists in the documents analysed on the regular dialogue between Egypt and the EU, including on PSD. This has been carried out at national level or at regional level, e.g. in different subcommittees of and within the framework of the Euro-Mediterranean Charter for Enterprises. Consultations on the NIP 2011-2013 had been held at an early stage (beginning with February 2009) with the Government, civil society, other donors and EU Member States to maximise potential for coordination and harmonisation of efforts. Dialogue and co-operation between the two parts has been stimulated also by preparatory work for a new EU-Egypt Action Plan, still to be developed and adopted. The work of the EU-Egypt Task force which was met in 2012 was an important milestone in this context. Particularly on business environment, the EU Delegation in Cairo, jointly with EU MS Embassies and Agencies, has been in regular dialogue with relevant government authorities, local think tanks and business associations on issues relevant to business and investment climate. Donors are involved in this process and their co-ordination is led by the DPG sub-group on Micro, Small and Medium-sized Enterprises development, chaired by the German Embassy and United States Agency for International Development (USAID); the EUD is an active member of the group.

Algeria

In Algeria, the National Indicative Programme 2011-2013 states that “the lessons of past cooperation (...) remain entirely valid, in particular (i) the emphasis put on the interventions that meet the needs expressed by the Algerian partners (ownership), (ii) the avoidance of over sizing of operations, (iii) the consideration of sector support in the interest of aid effectiveness and (iv) the adequacy of assistance to SMEs/SMIs.” A progressive evolution from a project-centred to a sector programming approach is mentioned as being desired by both the EU and the Algerian Authorities, as this would allow for more efficient and effective management and improve sustainability (through e.g. higher degree of ownership). In general terms, the analysed projects were designed with incorporation of lessons learned from previous experiences and/or give continuity to previous issues of EU-funded projects in the same/complementary fields. Also, there are signs of alignment with relevant strategic National documents. Policy dialogue and donors’ exchanges, whilst sometimes mentioned, do not appear though as clear elements of project design process, at least as institutionalised tools and processes. In relation to PME II, one remark made during field meetings may punctually downgrade the general statement made above, as it was referred that the connection between PME I and II was weak, the latter not having sufficiently capitalised on the former. It was noted during field meetings that for Algeria it was difficult to make the transition between Meda and Neighbourhood policies, as the country is reluctant to embrace changes and these tend to be frequent and significant in the EU context. When EU changes are eventually adopted by Algeria, everything changes again. In the PME II case, the CAP-PME team mentioned that CAP-PME (a National Programme funded with the cost-sharing funds paid by the PME II beneficiaries to deepen and widen its benefits) follows the best practice approach of deciding activities to be implemented based on a thorough needs analysis (the latter being the first activity under the programme).

ENI SOUTH Regional

In the case of the regional projects, two main cases may be identified:

- The two NIF-funded projects (SANAD and Preparation Framework to fast-start EBRD support to the region), programming stems from the NIF framework and precedent programming elements, such as a feasibility study carried out by the German Federal Ministry for Economic Cooperation and Development (BMZ) in the case of SANAD and long-lasting successful experience (thus learning from experience) by the EBRD in the specific fields of action of the programme in multiple other countries in the second case. Policy dialogue is clear in the EBRD’s case (the project comes as a direct response to the requests made by the European Commission, the EEAS and the EU Council in March 2011, as well as by the G8 at the Deauville summit in May 2011) and may be supposed, as well as learning from previous experience, in the case of SANAD.
- The three other projects (EuroMed Invest, Euro-Med TIFM and EBESM), which programming builds on previous initiatives (EuroMed Invest) or on signed or initialled Association Agreements with most of EU’s ENI South countries (Euro-Med TIFM), or follows the assessment to support necessary reforms in SMEs policy development in the MED region based on the Small Business Act for Europe (SBA), in the EBESM case. Policy dialogue, as well as inter-institutional co-operation, are relevant programming elements in all three projects.

IN SUMMARY

The evaluators observe an evolution in EU support from a project-based approach to a sector-based approach. ENI countries accept the sector approach since it is their pathway towards budget support. The point the evaluators wish to make is that the EU has not yet succeeded in fully clarifying the advantages of a sector-based approach to the beneficiary countries. Ownership of the concept is lacking; most beneficiary countries regard it as an obligation imposed by the EU. On the other hand, there are several cross-cutting fields, such as e.g. innovation, technological development, financial management (to which investment readiness may be linked), internationalisation (exports but not only) capabilities and strategic management, which are not necessarily best addressed under a pure sector-based programming strategy. An intelligently mixed approach might in many cases induce increased ownership and higher returns in terms of effects, impacts and ultimate sustainability potential. It is widely thought that the sector approach presents a powerful opportunity for mainstreaming a number of cross cutting issues. When the dialogue starts from the design of a sector strategy, it is possible to mainstream them to the policy framework, reform results targets, action plans, M/E systems. Regional, inter-regional (ENI-wide) and national programmes appear to be largely isolated, stand-alone (ad)ventures. The evaluation has shown that at least in the PSD/Competitiveness sector, they do not negatively affect one another, but synergies are rare, at least as far as mutual leveraging effects are concerned. The best element of regional programmes consists of its financial instruments. Thanks to the scale of operations, they manage to attract the necessary public and private capital to finance large investments, not only in infrastructure but also – many times through local banks or other regional/local players – in the private sector. The general opinion registered during field work is that initiatives such as regional entrepreneurial learning, regional policy development, regional councils, joint policy development, etc. do not succeed in fostering ownership at the national beneficiary level. There remain initiatives that do benefit from a regional approach; the earlier mentioned financial instruments are good examples.

EQ07: What was the most efficient approach in the various projects? And why was it better? How was the programming different vis-à-vis the other projects?

Judgment criterion 7.1 – Timeliness and quality of outputs and results.

The answers to evaluation question 04 provide insight in the timeliness and quality of outputs and do not require repetition here. In order to achieve results, however, active involvement of beneficiaries is required. For instance, delivery of a strategy by a project means little if it is not adopted and implemented by the beneficiary country; provision of training courses may be a good project output, but the implementation of the new knowledge is the real result. An analysis of results is given under EQ08 and EQ09 below, and equally does not require repetition here. The paragraphs below attempt to reveal the underlying causes of success and failure. The institutions survey shows that in terms of timeliness of delivery, the average appreciation by respondents is slightly less positive, with the majority of responses falling in the “reasonable” category. As it happens with effectiveness, there is a slightly higher score for multi-country/regional projects. Information on the sample projects can be found in Annex 7.8. As an overall conclusion, most of the analysed projects that had reached good execution level for being assessed succeeded, or are likely to succeed, in delivering quality outputs and results on time and within budgetary limits in most cases, with some minor and rather punctual exceptions. Regional projects seem stronger in terms of programming robustness, and almost similarly in the Algerian case, whilst no sufficient information exists to classify the Egyptian projects. It was noted during field meetings in Algeria that project effectiveness does not so much depend on the type or size of projects (e.g. large vs. small TA contracts) but rather on the quality of the experts involved. Algeria is not attractive for quality experts due to e.g. the unfavourable ratio between fees being practiced and perception of security risk (and language constraints further limit the options) but some measures should be taken to ensure the right expertise is made available to the clients. The most important factors related to design and implementation that are at the basis of successful performance cross all countries and regions and are:

- Clear design and intervention logic, including “S.M.A.R.T.” character of the indicators set in the Logical Framework (when it exists). This may in some cases be due to insufficient capacity from national/sector Monitoring & Evaluation systems to provide relevant information, in which cases further investing in setting up and sustaining such systems, as a matter of priority, would allow the emergence of more evidence based policy making and monitoring of results;
- Robust (and properly codified) management & monitoring processes;
- Strong capacity to induce ownership (including participatory approaches);
- Capacity to deliver tangible effects with perceived value for beneficiaries;
- Quality of the implementation teams;
- Capacity to adapt to changing realities.

Those programmes and projects involving mostly financial tools/facilities, particularly when mixed with targeted technical assistance (which is highly valued by beneficiaries and is the case of several interventions of blending nature, are among those showing the most efficient approaches in terms of both efficiency and effectiveness. In relation to more classical technical assistance projects, the level of

attainment of the factors listed above depends to a large extent on the quality and professionalism of the teams involved (at design/formulation, implementation, monitoring and evaluation phases), this from all stakeholders, and the rigour and transparency (meaning actual visibility and accountability) imposed on the processes inherent to all the different stages of the project cycle. The more exposed (to outside, even public scrutiny) one is, the better one will perform.

4.3.3 Effectiveness

EQ08: To what extent has EU assistance contributed to tangible improvements in the business environment?

Judgment criterion 8.1 – Expected results as stated in project designs, related to aspects of the business environment, are realised or likely to be realised.

Methodological note:

In line with the established methodology (embodied in the evaluation matrix), the evaluation has looked at a few significant features making up the business environment, namely (1) entrepreneurial learning opportunities including women entrepreneurship, (2) regulatory and institutional framework for SME policy making, (3) availability of support services for SMEs, (4) existence of innovation support to SMEs and (5) green economy: availability of services to promote eco-innovation and eco-efficiency among SMEs. These are all dimensions of the SBA.

The survey among SMEs shows that 69% of the companies that have responded experienced an increase in entrepreneurial learning opportunities between 2010 and 2015, induced by the use of any kind of funding source. Furthermore, although the differences between size groups are not large, micro enterprises appear to benefit more from this kind of donor support than small, medium-sized and large ones. The EU is perceived by the respondents as the most effective funding source for entrepreneurial learning, both in general and in relation specifically to women. It is interesting that funding from national budgets is reported to be the second most important source; other donor funding obviously plays a limited role. Of the enterprises who responded to the survey, 27% confirm that they have engaged in some kind of environmentally friendly and/or energy efficiency actions as a result (or by-product) of external funding. For those who did so, the EU is reported decisively as the main source of funding. It must be taken into account that at least 25% of the invested efforts relate to energy efficiency, which is not in itself part of the PSD/Competitiveness sector. The institutions survey carried out under this evaluation indicates that considerable growth has occurred in the number of jobs in business support organisations. Having all project documentation available, from design to final report, it is relatively easy to assess whether concrete projects have in any way contributed to a better business environment in the areas defined above. Yet, this merely provides qualitative and, where existing, quantitative information in relation to effects of single projects, which cannot be extrapolated to the country or regional level. And, given the scope and the size of most projects, respective impacts in tangible national or, even less so, regional terms, are difficult, or even impossible, to estimate. Details on the sample projects are provided in Annex 7.8. From a logical perspective and based also on findings in relation to previous EQs, conjunction of a number of factors, such as:

- Positive alignment of EU PSD/Competitiveness support with national/regional policy priorities/strategies,
- Also, positive alignment of the above with the EU Small Business Act,
- General positive assessment of effectiveness in projects and programmes reaching established objectives, at least in terms of physical realisation,

point to likelihood of expected results as stated in project designs, related to aspects of the business environment, being, or having been realised to a good extent.

Judgment criterion 8.2 – Expected results as stated in project designs in the IPA area, directly related to the adoption and implementation of the acquis, are realised or likely to be realised.

Not applicable for this region.

4.3.4 Impact

EQ09: To what extent has EU assistance contributed to tangible improvements in access to services and in performance of supported companies?

Judgment criterion 9.1 – Expected results as stated in project designs, directly related to access to services, are realised or likely to be realised.

Access to services endeavours to measure (1) number of SMEs having gained access to finance as a result of EU-funded projects; (2) number of SMEs having obtained non-financial (soft) support as a result of EU-funded projects; (3) number of SMEs having received assistance from business support organisations as a result of EU-funded projects; and (4) number of SMEs having joined a cluster as a

In the SME survey, almost 3 out of 4 (77%) responding enterprises declared that they received support from the EU, while only 2 out of 5 declared that they benefitted from funding from another donor. Furthermore, there is a positive correlation in receiving national funds with using the EU funds. Both factors together highlight the relevance and the visibility for SMEs of EU funding to Private Sector Development and Competitiveness. Non-financial support benefitted ca. 100 enterprises, against less than 80 for hard support. EU funding was the major source for non-financial support, whilst distribution is more balanced where access to finance is concerned. National (budgetary) funding was pervasive in the case of loan guarantees while other donors were more present in equity capital. It must be noted that this corresponds to the perceptions of the respondents, whilst reality may be different. For instance, what is perceived as a national budgetary source may in fact correspond to a state-managed fund financially supported by the EU and/or other donors. In addition, more than one donor (including the EU) may be involved in e.g. equity funds made available to SMEs in the relevant markets. About 2/3 of the respondents confirm having received support from BSOs during the period 2010-2015. In terms of percentage, the highest rate is observed in micro, followed by medium-sized enterprises. Large enterprises are those showing the smallest percentage. In terms of support origin, the EU comes in first, however in the case of micro enterprises the differences among the 3 sources are minimal (with the reserve, made already, that national funding may hide donor origin of the funds used). The survey also shows some positive linkage between age of the company and the percentage of BSO support. This may point at the existence of a learning path, or a maturity level to reach, by SMEs for better benefitting from BSOs' support. Participation in clusters as result of funding was made by more than 25% of the responding enterprises. EU and national funding are clearly the most effective sources of funding for this, with other donors not even being reported in the case of large companies. Medium-sized and micro enterprises are those reporting higher levels of participation. In general terms, the EU is clearly perceived as the major source of non-financial support to SME development, and not so much so in relation to financial support to SMEs. As was already noted in relation to previous EQs, projects tend in general to deliver, in physical terms, what they promise. It may therefore be concluded that those projects aiming at contributing to achieving improvements in either access to services and/or performance of direct or indirectly supported SMEs have indeed done so. It is however very difficult to measure how these improvements do contribute to better performance by MSMEs. It was already noted that the intrinsic quality of the indicators in the upper layers of the log-frames, if they exist at all (see section on Relevance), does not often allow to reliably (i.e. where causal effect may be properly determined) and timely measure such end-user effects. And, in fact, many of the sampled projects having been completed or gone through sufficient implementation time, fail to be able to provide hard facts to demonstrate tangible achievements (other than the physical realisation of what had been planned). In addition, sustainability of many of the results generated may also be questioned (see section on Sustainability), as many of the service provision instruments/institutions are project-driven and tend to fade over time in quality and quantity. The latter has several causes, of which institutional/Human Resources weaknesses and/or lack of financial sustainability beyond the period of external funding emerge as the most frequent. All the above leads to a summary conclusion that, whilst expected results directly related to access to services, as stated in project designs, are most of the times indeed realised or likely to be realised, their sustained usefulness to the general universe of the MSMEs in the ENI South region is less certain.

Judgment criterion 9.2 – *Expected results as stated in project designs, directly related to SME performance, are realised or likely to be realised.*

The performance of SMEs can be measured in many ways; for this evaluation, the main indicators selected were the numbers of SMEs showing, as a result of EU funded projects, (a) growth in turnover and/or (b) growth in international trade and/or (c) growth in jobs.

The SME survey shows a linear relationship between the companies' sizes and the effectiveness of funding to support growth in turnover. This may be due to a combination of converging factors, for instance capacity to put in practice more effective growth strategies and the likelihood that funding specifically aiming at growth preferably targets larger companies. This tendency is especially visible in IFI-led interventions, with the exception of those few specifically supporting microfinance. Those companies that did experience growth thanks to external funding, financial support from national budgets (which, as noted before, may sometimes have been misperceived) seems to have been the most effective source, followed by EU funding. Since, however, the above mentioned IFI-led interventions are often part of EU-funded blending instruments, it may be concluded that funding initiated by the EU is the strongest among the external sources leading to growth in turnover. The survey also shows that the EU is the most effective and efficient source of funding in support of internationalisation of enterprises. Successful enterprises in terms of growth in international trade in majority attribute their success to concrete EU support, while help from other donors is reported to be less effective and/or efficient. A vast

majority of the respondents reported growth in jobs in the period 2010-2015, as a result of external assistance. No clear information was obtained on the sources of funding that precipitated this growth. Men scored higher (90% of respondents) than women (70%) although the latter result is also significant. The question was asked whether respondents were aware of growth in jobs in their value chains and the response was tentative. Job increases were assumed but it must be taken into account that respondents apply a level of caution in estimating behaviours of wider groups, for which information may naturally be less accurate. In fact, for both value chains and sectors it is very likely that answers are based on perceptions rather than on hard data. Only two types of projects have the potential to truly change business performance: the ones that provide dedicated business advice (such as BAS, EGP) and those that provide business finance. They have the advantage that they allow for measuring of indicators of business performance over time, since the project implementer has a relatively long-term professional relationship with each company assisted. More details on the sample projects can be found in Annex 7.8.

IN SUMMARY

Comments similar to those made in relation to the previous judgment criterion also apply in this case, in respect to the quality and reliability of the indicators used to measure impacts and sustainability. Some projects (e.g. EBRD's TAM/BAS/EGP) provide clear data on performance improvement in SMEs having directly benefitted from projects' actions. This, being important, does not necessarily mean that a clear and incontestable causal linkage may be established between the actions of any given project and the variation in the performance of respective beneficiary SMEs. Again, in the case of EBRD, some indicators relate to data to be collected one year after completion of relevant intervention (which collection is, again, standard practice by within EBRD's SBS), however, the extent to which such important information may feed overall EU aid's performance analysis and evaluation is unclear. And in some cases, being reported, such information either does not integrate divulged monitoring data on the result indicators, or is still under preparation. Other projects only provide some vague, partial and/or physical realisation-related indicators, which do not allow to assess respective performance in relation to impacts generated under this judgment criterion. The evaluators were informed that there are efforts underway to respond to these challenges. The indicators used now in the sector can help assess/track performances. Moreover, in the last 5 years ESTAT has developed and provided a number of indicators which track PSD/Competitiveness at country level (ENI and IPA regions). More Data/Baselines are becoming available year by year. One important element of judgment complementing the above considerations comes from the SME Survey, where about 1/3 of the respondent enterprises reported an increase in their annual turnovers as a result of EU support. An interesting element – which would deserve particular attention – is that the answers received show a positive linear correlation between size and changes of annual turnover in the direction of increase, which means that the positive impact of EU support in this particular dimension is smaller for those beneficiaries most in need of support, and this in turn allows to question issues such as ownership, absorption capacity of smallest enterprises and, which may be even more challenging, how EU-funded interventions are actually able to reach out to the smaller layers of the MSME landscape.

EQ10: To what extent was the assistance to innovative SMEs effective in achieving the desired results, namely on environmentally better products manufacturing, green technologies, energy-efficient building materials, energy and environment labelling products and services, intelligent heating and cooling systems and eco-friendly products? And what possibly hampered its achievement?

Judgment criterion 10.1 – *Introduction of environmentally friendly (green) technologies since 2010.*

Judgment criterion 10.2 – *Evidence of problems with introduction of environmentally friendly technologies and products.*

This EQ is clearly connected to EQ08 (judgment criterion 8.1). The SME survey shows a rate of 27% in implementation of any kind of environmentally friendly and/or energy-efficiency actions, which on first sight is rather positive. Reference is made to the relevant table in section 3.3.2 of Annex 7.5, where the scores are shown for the various environmentally friendly actions listed in EQ 10. It shows a positive rate of only 4% to 7%, (thus in the vicinity of 1/4 of those having taken such actions), depending on the environmental action listed. EU (financial) assistance does not play a decisive role as compared to other funding sources. Most if not all the projects analysed, at both regional and national levels, do not focus specifically on environmentally better products manufacturing, green technologies, energy-efficient building materials, energy and environment labelling products and services, intelligent heating or cooling systems and eco-friendly products. It was thus not possible to evaluate these projects in relation to any of the judgment criteria under this EQ. In terms of related context and in relation to Egypt, field interviews allowed highlighting the following environment-related points:

- The energy market is functioning almost at normal levels.

- Funds are available (GiZ, EBRD, EIB also expected) but developments are in their inception phase. 15,000 certificates are issued for enterprises in the industry sector but they still need to learn to apply all norms.
- The ministry does not have capacity in this area, although some measures/legislations have been passed.
- Energy efficiency is not addressed at this moment, possibly this will happen in the future.
- GiZ has not noticed a change in the demand of SMEs in this area, they still need to be made aware of what energy efficiency means.
- There are institutions in charge with this topic, but no coherent framework exists at this point in this area.
- The Regional Programmes tried to create a platform/an advocacy group but there is low demand for such topics. The energy subsidies are still high and this topic is considered a luxury.

There is little to report on these environmental issues, since – especially in the sample projects – evidence does not exist. It may be wise to first include these topics in concrete projects, and develop a system of monitoring and reporting that meets the requirements of the Commission. From the sample programmes/projects analysed by the team, not many did focus on green entrepreneurship. In terms of related technology adoption, the rates are rather low. It may be concluded that the introduction of green products and production methods has not played a major role in the EU programmes in the relevant period, and at the same time is not perceived as a priority need by entrepreneurs. This is not illogical, since the economic situation in many of the countries scrutinised forces businesses to primarily look at methods of survival. Although a complete picture does not exist, it appears that the majority of donor-financed actions were either of soft nature or did not “force” significant structural changes in business practice.

EQ11: Are both genders equally affected by EU assistance to the PSD/Competitiveness sector? If not, why? If so, was this due to a specific element in programming or implementation?

Judgment criterion 11.1 – Degree of gender equality/balance in projects design and implementation.

While gender equality is referenced in the SME programme it cannot be found in more recent strategic national documents central to the competitiveness agenda. There is a standard paragraph in many of the programme fiches for gender equality but no data can be retrieved concerning real implementation to allow for a sustained generalised judgment in this respect. The most that may be said is that all evidence gathered points in the direction of projects’ real gender neutrality and that no relevant gender-related concerns are reported (i.e. no negative situations were either found in documents or mentioned in interviews), which, being positive and albeit mentions are made in (some) programming documents, does not correspond to a proactive character of EU PSD/Competitiveness policy in relation to promotion of gender balance. It is interesting to see that, while in many cases rather strict stipulations regarding gender equality are included in project fiches or action documents, these stipulations often cannot be found in terms of reference. This may be one of the reasons why contractors are not explicit on the implementation of gender equality measures. The detailed information on sample projects in Annex 7.7. shows that it is not possible to evaluate the analysed projects in relation to gender balance, other than in the sense that no relevant gender-related concerns are reported in any case. This is a positive factor, but by omission only.

4.3.5 Sustainability

EQ12: To what extent are the outcomes of the EU assistance likely to continue producing effects after the end of EU funding?

Judgment criterion 12.1 – Sustainability of key project effects.

In order to answer this evaluation question, the focus of the analysis rests on “effects” and their sustainability, as opposed to projects themselves and their possible continuation beyond closure, e.g. through subsequent EU/donor financing. Effects are defined as the combination of results and outputs. They have been extensively dealt with under EQs 04, 08, 09 and 10 and will not be repeated here. Each individual project has been studied to gauge the likelihood of sustainability. For the analysis, the completed projects or activities in our sample were the most relevant, as these presented outcomes (as explained under EQs 04, 08, 09 and 10) and their effects could be observed in time. Different types of projects led to different types of outcomes and effects, mostly intangible: (1) enhanced capacity of different stakeholders (individuals and institutions) at macro, meso and micro level, (2) improved business environment, (3) development of enterprises themselves (measured, in many cases through indicators such as turnover and number of jobs created and maintained), (4) improved strategic framework including through strengthening the policy-making research & evidence-base (to a more limited extent). Details on sample projects are given in Annex 7.8. All projects analysed address the issue of sustainability, but in varying degrees. In most cases the projects’ initial documents contain generic requests and commitments towards ensuring sustainability but concrete measures for this purpose are developed (if the case) in the

last months of the project implementation. Preparing comprehensive exit strategies, by key stakeholders in partnership, is a good practice, but this has been the case only for a handful of projects (e.g. in Algeria). In terms of capacity building, a distinction should be made between the institutional and the individual level, which are, obviously, interrelated. The sustainability of effects of newly created institutions depends in most cases of further donors' involvement which allow them to continue their activities, even on a non-systematic basis. Overall, the institutions capacitated in the projects analysed (new or older) are confronted with threats to sustainability derived from lack of financial resources for their maintenance or development and from lack of decision-makers' involvement. For some of them the same cooperation with donors/EU guarantee their sustainability (e.g. ERRADA in Egypt) as the cases in which they are involved in replicated governmental programmes identified in this evaluation are scarce. In countries such as Egypt, where a favourable political context is not in place, or Algeria, the pace of the decision making process is still slow due to inherent complexity of the reforms undertaken and thus institutions do not reach their full effectiveness and sustainability potential (e.g. ANDPME, ALGEX and ALGERAC in Algeria). The analysis revealed that an element with strong potential to contribute to sustainability of project effects in the capacity development area is the development and retention of individuals capable of effectively furthering the activities of the institutions. This has been evident in most projects analysed. Particular attention should be paid to this element in countries where this capacity building process is under implementation, e.g. Ministry of Trade and Industry in Egypt. A contribution in this area is brought by the tools developed in different projects (e.g. databases/management systems, training kits), which continue to be used beyond the lifetime of the project and thus continue to support institutions to book results. Not the same can be said about different schemes targeting SMEs directly or through intermediary institutions (e.g. in Algeria), as these have been rarely replicated by the government with national funds. The landscape of legislation and strategies as outcomes of projects with positive effects on business environment is mixed. Differences exist also at national level and this hampers the identification of clear causal factors which determine this situation. One key factor is the political perspective on the importance of a particular area (e.g. export in Algeria) but also the demand (not the need) for a particular legislative framework. Notable examples of sustainability and potential for further effects determined by the adoption of strategies and laws prepared under the EU-funded projects analysed are the TDMEP programme in Egypt, which proposed three strategies to the government, all of them in the process of being consulted and adopted. At the opposite end, in Algeria sustainability of PME II and the leveraging/multiplication of its effects will be very much linked to the quality and the intensity of appropriation of results within the National Development Programme (Programme National de Mise à Niveau, PNMAñ) and the institutional strength of the National Agency for SME Development (ANDPME). Although relatively easily quantifiable, effects on SMEs supported beyond projects are the least documented. No case was identified in which SMEs benefiting from support were monitored beyond the lifetime of the contractual relationship with the financier (i.e. at least one year after conclusion of the support), with the exception of CAP-PME in Algeria, which is a flexible tool for leveraging and monitoring the impact of completed deliverables of two major SME support programmes (PME I and PME II), intelligently using co-payments made by beneficiary SMEs during those projects as funding, in Algeria and the EBRD evaluations of TAM/BAS/SBS. However, qualitative evidences prove that many SMEs do develop in technical and economic terms and continue with the wider approach adopted as a result of the BS services they benefited from. Both SMEs and consultants gain ownership under different schemes in medium and in the long run the demand for SBSs increases. The capacity of regional programmes to have effects beyond their closure depends on the type of activities carried out and, particularly, on the link with the national governments and their ownership on activities and results, which in turn influences their replication at national level. As revealed by the fieldwork, this linkage is not sufficiently strong for a cross-fertilisation between the two types of programmes to take place. Regional programmes deploying financial instruments targeting MSMEs and, in some cases, providing complementary technical assistance (such as SANAD, the EBRD projects) are in themselves sustainable as revolving funds and sustain a high likelihood of key project effects lasting and leveraging/multiplying at mid- and long-term. Other regional programmes tend to face financial sustainability challenges and developing an exit strategy in such cases is advisable. The key threats to sustainability identified refer to the lack of political support and of adequate financing, but also to the lack of a sustainability monitoring system at project and programme level, to be put in place already in the design phase and deployed during and after the project implementation. This might consist of a set of provisions (indicators, monitoring methods and tools, for instance an observatory, for which the key beneficiary parties (particularly when of public or associative nature) would be made accountable, and which data would be made publicly accessible. Sustained funding of these provisions would need to be addressed in the project/programme design and budgeting documents. Such a system would allow the development of an adequate/customised definition of sustainability from the outset and of the necessary measures to be taken, at all levels (EU, national government, beneficiary) to ensure it when the project is completed. One of these measures would be the establishment of a stronger link between project sustainability and negotiations for the EU membership (where the case) or further funds approved.

Judgment criterion 12.2 – Leveraging/multiplication power of key project effects.

Effects – if any – are described under criterion 12.1 above and will not be repeated here. Each individual project has been studied to gauge the presence and power of leveraging and multiplication. For the purpose of this analysis we use, as an “operational” definition, the following concept of “leverage”, which contains “multiplication”: “The ability to influence the project context, in a way that its outcomes are multiplied without a corresponding increase in the consumption of resources.” In financial terms “leverage” may refer to supplementary funds set in motion by a particular intervention (e.g. private co-financing a public instrument applied to SMEs). The findings in this section will add aspects particularly relevant for this judgement criteria to the comments made in relation to previous judgment criterion on sustainability, as sustainability is itself an enabler (a necessary, albeit not sufficient condition) for leveraging/multiplication of project effects. In relation to the sampled regional projects, leveraging/multiplication potential is linked to either the financial nature of the respective instruments (which is complemented by technical assistance) or, for the classic TA projects, the structural nature of the effects generated, their demonstration capacity and respective appropriation by beneficiaries, particularly in those cases where market dynamics may be generated. At the national level, in both Egypt and Algeria, human capacities and institutional strength (where twinning may play a role) are the main leveraging-enabling factors to be considered. In the particular case of Algeria’s PME II (3 contracts), respective effects will be very much linked to the quality and the intensity of appropriation of results within the National Development Programme (Programme National de Mise à Niveau, PNMàN) and the institutional strength of the National Agency for SME Development (ANDPME) to guarantee appropriate push and momentum for effectively spreading the effects. Several projects analysed have either multiplied their effects or the necessary preconditions are in place for them to do so in the future. The leveraging potential is directly conditioned by the sustainability of effects in itself. National projects targeting SMEs supported either with grants or business support services are rarely multiplied but the latter have a higher multiplication effect through the further funds which are often raised. At regional level, such financial projects have a clear leveraging effect. The extent to which projects with intangible results manage to multiply their effects (e.g. to reach more enterprises in different areas IPR, e-business, overall development) depends in most cases from the willingness and capacity of the national government and involved institutions to focus and take measures for this purpose. Particularly important is for the government to develop a strategic approach in the different areas analysed (from regional development to IPR, innovation, SMEs support, trade, etc.), which takes into consideration the projects’ results and lessons learned, and to implement this strategy in a result-oriented manner, in partnership with the relevant institutions and other stakeholders. In some cases, the leveraging of a project effect is ensured through a follow-up intervention, although this might not be the most effective approach, as it would risk making leveraging dependent on additional funding and thus not sufficiently self-sustained.

EQ13: How can programming of EU assistance be enhanced to improve the impact and sustainability of financial assistance?

Judgment criterion 13.1 – Lessons learnt on sustainability success and failure factors.

In general terms, at both regional and national levels, some factors emerge as key to improve impact and sustainability of Donors’ assistance. These are:

- Simple and clear intervention logic;
- Adequate design;
- Quality of implementation strategy;
- Structural nature of project effects;
- Actions leading to increase ownership by key local/regional stakeholders and beneficiaries.

In relation to the regional projects being analysed, and as it happens in relation to other EQs, the nature of the SANAD and EBRD projects, where deployment of financial instruments targeting MSMEs (through intermediary FIs) and providing complementary technical assistance (to both intermediaries and, in some cases, SMEs and other actors in the MSME competitiveness environment, determines in itself the factors to enhance impact and sustainability. These are linked, first and foremost, to the requirement of financial return to the financial instruments being deployed. Instrumental to this are e.g. adequate design, with high level of alignment with field demand, and good governance model, and the solid experience of the main project actors in carrying out this kind of activities. The EBRD, for instance, is now solidly established in its 4 countries of operation in the region, which provides local institutional strength and high degrees of proximity with key local players, at institutional, financial and business levels. Another factor leading to higher impact and sustainability (which may be verified in the EuroMed TIFM case), is the project’s capacity to generate outcomes capable of inducing value-added effects it will potentially induce on beneficiary SMEs. This means that the project benefits become tangible for the SMEs, which in hand incentivises demand. At the Egyptian national level, there is very scarce information in relation to the 4 projects under scrutiny. Some of the projects have not started yet. It seems anyway that sustainability is

sometimes not addressed as a relevant factor in its own right at the concrete Action Planning phase (even if it may be mentioned in e.g. the contract). Another factor that may be noted is that mentioning a number of Institutions to involve in project implementation may not necessarily mean that such players will have the de facto capacity to ensure an appropriate level of involvement. Hence, a better diagnosis of institutional capacities (linking this to institutional strength and ownership levels, mentioned in relation to EQ12), would be recommended. Field interviews allowed however to enumerate a number of factors learnt from projects' implementation experience:

- Common to both TDMEP contracts:
 - The MIT does not have the capacity or the funds to fully push the reform through, as its internal resources, including at the human level, are under-dimensioned for the tasks and responsibilities it implies.
 - Donors usually do not accept equipment as eligible expenditure and the public institutions and private actors must purchase these themselves. TDMEP did this under one component (laboratories, especially in the energy efficiency area) but this is far from sufficient.
 - Inter-ministerial cooperation needs to be enhanced, e.g. with the Ministry of Agriculture or in the field of innovation, where more ministries are involved. Equally important is the cooperation with the governorates. Without this enhanced cooperation and coordination, the value chain approach may not be adopted.
 - In the next TA project financed by the EU, local experts should be involved as well in the implementation. Apparently, this was not possible under TDMEP due to some legal aspects. The involvement of local experts would enhance the supply side of expertise in Egypt.
 - A champion on the field of trade needs to be identified.
 - It would be essential to reach a final decision on the economic model proposed by the strategies in the negotiation phase (to follow), and identify funds for their implementation.
 - The creation of a platform where the public and private actors interact, communicate and agree on policy measures would be useful.
 - Reform of the Ministry of Industry and Trade and its affiliates in the context of an overall process of capacity building: the ministry, its departments and affiliates should have clear tasks, not overlapping, and they should know how to carry out their tasks.
- Points gathered from the interview with the EUD in Cairo:
 - In relation to the need for institutional reform and streamlining of institutions involved and their tasks, TDMEP works with the MIT Central Unit for Regulatory Reform, which is located at Ministry level. ERRADA (or the matter in itself) should be moved up, under the coordination of the government, to have an impact across administration and entire legislative body in Egypt.
 - At this point ERRADA remains an institution funded by donors only, not by the government, which does not want to be in the front-line either. Although the Government does some things with a lot of money, these might not have an impact, and this is not something that may be placed under the control of the donors.
 - However, donors in general ensure that their funds, spent by ERRADA, are spent effectively.
 - Under TDMEP a Regulatory Reform Strategy is designed – hopefully institutional and decision-making arrangements will be clarified.

In Algeria, the DIVECO I project's participatory approaches and exit strategy are contributors to sustainability. The reinforcement of inter-sectorial continuation work is recommended. A well-planned and carefully implemented transfer of competences, skills, materials and tools to key stakeholders for improved ownership also increases sustainability. In the P3A III (ALGEX) Twinning case, quality of the capacity building and adaptation of the intervention logic to the Algerian context and field/institutional reality are the most relevant design factors for the project's impact and sustainability. In relation to PME II (three contracts), a positive point is the care taken by in ensuring transfer of project results to relevant institutions. Weakness of e.g. Algerian professional Associations would require having been better addressed within the design of the initiative (see similar note about institutional capacity in relation to Egypt). Overall, the most important lessons to be learnt at policy level for improving sustainability, impact and their prospects are:

- Generally, ensuring national government and other stakeholders involved, including beneficiaries, ownership of interventions implemented and their outcomes. This translates especially to a strong correlation between EU-projects and national strategies and measures in the sense that the latter are built on or at least take fully into account the former.

- Specifically, ensuring national governments' commitment to measures to be taken in order to guarantee the sustainability of projects outcomes and their effects. This is possible only if such measures are project-specific, identified already in the project/programme development phase and systematically monitored, together with possible risks, during and after project implementation. Efforts at full speed are needed in order to solve the challenge of data availability and quality.
- In all cases a project-specific mechanism needs to be designed for this purpose during the project development phase and an exit strategy should be a part of it. Such a measure would increase the design and logic of intervention of the projects, as well as the quality of its implementation strategy and would, consequently, strengthen their sustainability and impact potential.
- In terms of project design and implementation strategy, it is essential to ensure a better alignment between the different types of contracts provided for (i.e. TA, equipment, works) as incoherent contract implementation (e.g. equipment and TA not timely available) still undermines the projects impact and sustainability.
- This is particularly important for projects registering intangible effects, at both national and regional level, as the financial types of interventions are mostly sustainable in themselves. For the latter, however, a mechanism for monitoring the effects and their sustainability beyond the intervention itself (e.g. loan, BSB) at beneficiary level is sorely needed.
- If regional programmes are not better articulated with the national level (institutions, policies) their prospects for sustainability are rather low. For this purpose, adequate governance systems, including national presence might be needed, e.g. as in the case of EBRD which is currently solidly established in 4 countries of operation in the region, and therefore provides local institutional strength and high degrees of proximity with key local players, at institutional, financial and business levels. Adequate mechanisms should be designed also in the case of this type of projects for monitoring sustainability of effects.
- Increased attention needs to be paid to capacity building at individual level and its capitalisation at institutional level and in time. For this purpose, an adequate evaluation system is needed, e.g. based on Kirkpatrick model³.
- The sustainability of interventions and their effect positively correlates with the ownership of local experts and enterprises on the PSD process and measures and thus their partnership at strategic level and contribution at intervention level needs to be ensured.

EQ14: Is there enough ownership over R&D and innovation activities? If so, how was this managed? If not, why?

Judgment criterion 14.1 – Degree of ownership over R&D and innovation activities.

There are two levels of ownership: policy ownership as shown by national and sub-national authorities, and ownership of actual systems and tools as expressed by final beneficiaries, such as universities, technology institutes, science parks, technology brokers and others. Ownership of R&D and innovations by SMEs is taken for granted; they would not engage in any such activity, whether spontaneous or induced by an EU-funded project, if they could not see the commercial benefits. Details on the sample projects are given in Annex 7.8. The factors listed above in relation to EQ 07 (most efficient approach) and EQ13 (better programming of EU assistance to improve impact and sustainability), when considered in the framework of those projects that have provided concrete innovation support at any level, provide a good part of the response to this Evaluation Question. But there are elements that are specific to R&D and Innovation, which add to and/or leverage the other, and these may be summarised as follows:

- Long-term commitment to R&D and Innovation support, as key drivers to enhance value-addition by businesses in target countries and regions – this must result from an intelligent combination of sustained national policies and Donors' co-ordinated continued support.
- Capacity to contribute to creating and strengthening, and only preserving and sustaining, R&D and/or innovation-support institutions that demonstrate capacity to generate and secure a sustained stream of own revenues: If R&D and innovation are value-generating activities, and respective benefits are to be ultimately be perceived by the private sector, this latter must be convinced that there is a price to pay for continued provision of R&D and/or innovation-related services provision. Cases such as the IP Institute in BiH, IPR protection and enforcement in Serbia and, to an extent, the R&D&I project(s) in Egypt, seem to illustrate this point well.
- Stakeholders inclusion and active participation in R&D and Innovation promotion, as it seems to be the case of Support to SME Development in Armenia: In fact, innovation in particular must be understood as a societal value, not just as a profit enabler for businesses.

³

See <http://www.kirkpatrickpartners.com/OurPhilosophy/TheKirkpatrickModel>.

- Finally, the capacity of the EU to attract participation in e.g. R&D Framework Programmes (the FP7 for the period in consideration, now the H2020) and innovation-related networks and activities (CIP for the period in consideration, now COSME) represents an important leveraging factor, which may however suffer from significant barriers to entry (e.g. formal adhesion by the countries, which implies paying respective shares) and must overcome perception (sometimes very real) of high opportunity costs for R&D and/or business candidates.

In the context of PSD, support to R&D and Innovation is, in respect to R&D, mostly at the crossroads between offer and demand of technology (and/or all forms of valorisation of R&D results), and, in relation to innovation, dealing with value creation through entrepreneurial attitude in the adoption of change. It deals with universes (e.g. Universities, researchers, start-ups, interface agents, business incubators, Science Parks) that are largely not coincident with those of the wider support to existing (even mature) enterprises. It thus requires specific support frameworks and actions, as well as targeted indicators. It seems in this framework that awarding a significant degree of autonomy to R&D and/or innovation specific interventions from wider programmes/projects, if combined with appropriate levels of effective co-ordination, collaboration and mutually leveraging with other PSD/Competitiveness interventions, may be the most cost-effective way to provide sustained R&D and Innovation support.

EQ15: How likely is it that beneficiaries at policy and implementation levels will continue to demonstrate ownership of the results of EU-interventions?

Judgment criterion 15.1 – *National and sub-national legislation, institutional and administrative provisions are in place that guarantee financial and technical sustainability.*

As for ENI SOUTH, although respective NIF contribution is set to have limited duration, neither SANAD's nor EBRD's actions in the region have established ending dates. The EBRD is now solidly established in its 4 countries of operation in the region and continues widely extending and increasing its work in the SEMED region. This implies continued, if not widened and deepened, involvement of all relevant institutions. The three non-financial regional projects that were analysed do not provide information in relation to continuity in institutional, organisational and staffing provisions related to their respective interventions. Hence, considerations made above in relation to EQ12 and EQ13 apply in this context. It should be noticed, however, that in all three cases the majority of the organisations involved in implementation of these projects are traditionally operating European cooperation projects in the same field, either as leader or partners, and often together in consortia. One of the consortia (EuroMed Invest) includes members of the Enterprise Europe Network, and ICT, the implementation leader of EuroMed TIFM, has a long track record in the project's field of action and would thus have interest in further proceeding to implement EU-funded trade enhancement activities in the region. In Egypt, despite political turmoil, it seems that the same institutions have been involved in the area of PSD/Competitiveness since 2010. The Ministry of Industry and Trade (named also Ministry of Industry and Foreign Trade or Ministry of Industry and Trade and Small Enterprises in the time-frame of this evaluation) is the central institution responsible in the area and the main beneficiary of support, next to the Ministry of Scientific Research and Technology (currently Ministry of Scientific Research) in R&D area. The institutional framework remains fragmented, with SME policy responsibilities assigned to several institutions with limited coordination between them. Measures have been taken to counteract this fragmentation, i.e. the transitional cabinet formed by President El-Sisi created a specific ministerial portfolio to coordinate SME policy; however, the number of institutions involved in the area studied is high. There are no indications of staff turnover in the documents analysed. In one case (RDI II), staff implementing previous programmes (RDI I) was taken over and ensured the transition between the two interventions and implemented the second. It must be noted that the number of staff at the Ministry of Science decreased significantly, from 20 to 4, while the 26 grants still need to be managed. The staff left mainly because no R&D&I III programme is envisaged. The focal points are still in place, with universities paying for their salaries. Sustainability may however be questioned if they do not start running on success fees. For Algeria, in a wide programming level and covering the whole evaluation period, the progressive evolution, noted also in relation to EQ06, from a project-centred to a sectorial programming approach, favours stronger ownership by National stakeholders. In this respect, the high number of TAIEX and Twinning operations carried out in the country, and the continued demand for this type of actions as is demonstrated by the P3A Programme going in its third release (P3A III), are also strong elements for increased ownership. The attention given to the implementation of the Association Agreement, as well as the progress noted in relation to multiple SBA dimensions (see EQ08 and EQ17), further sustains the structural character of EU cooperation with Algeria. The issues of Institutional capacity and Human Resources sufficiency and adequacy, linked to the levels of appropriation the projects can achieve, remain at the core of all sustainability-related indicators. It was for instance noted, during the field visit to Algeria, that the situation of ANDPME has not changed. Insufficient ownership seems to have been created and this is also one major challenge from a sustainability perspective. Better project preparation can enhance ownership and, automatically, sustainability. It was suggested in Algeria that in final reports the EU should make clear

recommendations on how sustainability should be ensured and an institution (with the adequate capacity) should oversee the monitoring of these measures, their implementation and effectiveness. One key challenge to impact and sustainability is the slow pace of needed measures, e.g. a series of pieces of legislations should have been enacted to facilitate the ANDPME activity. The government needed two years to complete this process. The budgetary framework is allegedly not an encouraging factor either. The PME II project seems not to have had a real exit strategy and this is a matter of less adequate design. In this phase, more ownership should be taken about the expected results and their preservation. As an external factor, the interventions need to consider the new law on SMEs with the changes it brings. In a nutshell, it may be said that, whilst with variance at both regional and national levels, the judgment criterion 15.1 tends to be met in most cases, subject to persistence of enabling conditions, such as Institutional capacity, Human Resources sufficiency and adequacy, and sufficient levels of appropriation.

Those programmes and projects involving financial instruments, particularly when mixed with targeted technical assistance (which are typically funded through blending instruments) demonstrate a high degree of ownership of the results of EU-interventions, in the first place within the supported SMEs, but also within local financial institutions. No doubt the effects will continue within the SMEs (barring unforeseen external developments). Although only an impression, the propensity of local financial institutions to continue advantageous credit facilities for their clients seems limited, because they will not be compensated for lower income or even losses by EU/IFI programmes. The strategic documents making up the ENI South instrument do not formulate sustainable solutions except for annual expansions of the funds available under the NIF. There is a need for local systems to gradually take over the donor role. For the other projects, persistence of enabling conditions, such as institutional capacity, human resources sufficiency and adequacy, and sufficient levels of appropriation (all points raised already in previous EQs) constitute key factors for increased ownership. Lack of (insurance of) financial resources after EU intervention completion is, on the other hand, a key hurdle in many cases. What is very seldom seen in these projects is clear and well-sustained (kind of business plan) exit strategies for the instruments, tools and services created or nurtured by EU projects. What is many times written in project design and reporting documents is, to a large extent, insufficiently sustained in hard and real facts and data, where the factors enumerated above are treated lightly at best. A higher degree of rigour and exigence in this respect (including, as previously noted, higher levels of transparency and accountability) would contribute to higher degrees of ownership of the results of EU-interventions. Another point, noted in several projects that were analysed, is the slow pace, or even real lack, of adoption, by relevant authorities, of national and/or sub-national legislation, institutional and administrative provisions so dearly needed to embed results of EU interventions in the national institutional environment. Administrative and legislative processes are often too complex and slow to efficiently conciliate with programmes' and projects' limited time-frames and resources. Also, multiple political, economic and social interests stand in the way of timely resolving sustainability-related issues. The above is by no means a new topic, nor is it typical for the PSD/Competitiveness sector. It has been broached by many evaluation reports over the past decades and is still not closer to a solution, while in reality, it is perhaps the main factor impeding long-term effectiveness. More efficient awareness raising and stakeholders' inclusion in the projects' processes and activities would likely contribute to reduce – but by no means eliminate – this negative element.

4.3.6 Coherence

EQ16: To what extent is the EU assistance coherent with other interventions which have similar objectives? To what extent is EU assistance coherent with other action in the field, such as SMEs support in relevant areas of the European programmes, namely the Seventh Framework Programme and the EU's Competitiveness and Innovation Framework Programme (CIP)? Is EU assistance coherent?

Judgment criterion 16.1 – Clear strategic and operational links exist between EU assistance and the SME support embedded in the (former) Seventh Framework Programme.

FP7 was the European Union's Research and Innovation funding programme for 2007-2013. The current programme is Horizon 2020, but there are many projects funded under FP7 which are still running. Under FP7, SMEs were actively encouraged to participate in all research actions, especially those under the themes of the Cooperation programme and Joint Technology Initiatives. The rules for Participation in FP7 specify a funding rate of 75% for research and development activities of SMEs.

Judgment criterion 16.2 – Clear strategic and operational links exist between EU assistance and the SME support embedded in the (former) Competitiveness and Innovation Framework Programme (CIP).

DG Internal Market, Industry, Entrepreneurship and SMEs promotes industrial cooperation, SMEs, entrepreneurship and inclusive sustainable development with Mediterranean and Eastern neighbouring countries as part of the European Neighbourhood Policy. CIP was the European Union's Competitiveness and Innovation Framework Programme for 2007-2013 and had an overall budget of EUR 3.6 billion. Under CIP, SMEs have (had) opportunities to obtain better access to finance, as well as support for

innovation, and regional business support. The current programme is COSME, the EU programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises running from 2014 to 2020 with a planned budget of EUR 2.3 billion. Participation in CIP (now COSME) and FP7 (now H2020) is promoted by the EU through financing part of the entry tickets to the programmes. Not all countries have signed agreements with the respective programmes, but most have. Only a few national projects have specific activities aimed at promoting operational participation in the programmes, and none of the sample projects supports strategic links. It was found during the field visits, however, that the establishment of national infrastructures (contact points, etc.) for H2020 and COSME, which was a precondition for, or part of, the agreements with the programmes, has at least boosted the operational links with them. To date, no formal expression of interest to join COSME has been received from any of the southern neighbourhood countries. Currently, only three countries could legally join COSME: Israel, Jordan and Morocco. Algeria, Lebanon and Tunisia are in different phases of negotiating or approving the legal basis which would give them the possibility to apply to join European Union programmes, including COSME. None of the regional samples projects have any visible linkage with EU's (former) Seventh Framework Programme. The same applies to the sample projects in Algeria. Egypt, on the contrary, was very active in the FP7 Programme. Every year, around 50 partners and more than 100 participants participated in FP7 projects and attracted a total budget of MEUR 10-13 in R&D&I in the country, thus seemingly above the national contribution. According to the 7th FP7 Monitoring Report, the "number of applicants in retained proposals (in MEUR) and corresponding success rates for FP7 calls concluded in 2007 – 2013" (page 99) in Egypt increased in 2009 (42) and 2010 (43), but declined in the following years – 21 in 2012 and 12 in 2013. In this country, only the Research, Development and Innovation (RDI) phase II project is relevant for FP7. Under its component 2, a network of focal points and National Contact Points with thematic focus worked to enhance Egyptian researchers' participation in EU funded programmes, particularly FP7. It may thus be said that alignment with FP7 was high only when the projects were specifically linked to this Programme, having been inexistent, or nearly so, in the other PSD/Competitiveness projects. At the regional samples projects level, the NIF-funded projects do not have any visible linkages with the Competitiveness and Innovation Framework Programme (CIP). In relation to the TA projects, one case, although not mentioning any linkage, would have benefitted from having been linked with the Enterprise Europe Network (EEN), integrated in CIP. The other project indicates linkages with e.g. COSME and the European Forum for Science and Industry, as well as with the Enterprise Europe Network (EEN). The sampled national projects in both Egypt and Algeria do not present visible linkages to CIP, even if Egypt is part of the Enterprise Europe Network (EEN). Regarding CIP (but not specifically related to any of the sampled projects), Egypt is only a part of the Enterprise Europe Network (EEN), about which the IMC Representative referred:

- IMC became a member in 2008. It played the role of linking different institutions.
- Research was becoming increasingly important in this context and different actors were already working in this area, with the support of the Chamber of Commerce, World Bank, different associations, technology centres and their associations.
- Initially EEN was a hub to put the two worlds together, now networking is the key activity (partnership agreements are obligatory if one wants to remain part of the network). This was perceived by the IMC Representative as a burden, especially under COSME, and as an obligation that will decrease effectiveness. Participation is very often a matter of internal management, rather than of technical knowledge.

EQ17: To which extent are national and regional programmes complementary and aligned with the principles of the EU Small Business Act?

Judgment criterion 17.1 – *Representation of the SBA principles in programming documents and project designs.*

Methodological note:

As for the allocations to PSD/Competitiveness, the data in the tables below stem from the information contained in Annex 7.4 to this report. References to the SBA can be found in practically all sample projects. The tables below, in the second column, only refer to projects that have included concrete activities to foster SBA principles in the respective countries/regions. The projects themselves are listed in the above-mentioned sections.

As far as PSD/Competitiveness support is concerned, the ENI South instrument heavily leans on the principles of the Small Business Act. Reference is made to either the complete Act, or specific dimensions, in all strategic and programming documents. More importantly, where strategies are translated in more concrete intervention policy (namely in the MIPDs), the relationship with the SBA principles/dimensions is made still more specific. The result is that nearly no concrete action, project, intervention is designed that does not actively support the strengthening of one or more of the SBA dimensions. Thus, at the level of the overall ENI South instrument, the SBA and its individual dimensions

are adequately represented in strategy and programming documents. This is particularly visible at the regional level, where dimensions 6, 7 and 10 assume particular relevance. Within these, access to finance (through a comprehensive range of complementary instruments and partnerships, where cooperation with IFIs is significant) takes a major share. EU support to advancing the SBA at the national level is spread over a higher number of SBA dimensions, with relevance for those which either demand proximity actions and/or are linked to nation-specific contexts or frameworks, as for instance institutional and regulatory framework, operational environment for business creation, public procurement and, to an extent, enterprise skills and innovation.

| Programming | Advancing the SBA (M€) | Total PSD support (M€) | SBA/PSD (%) | Main SBA dimensions addressed |
|---|------------------------|------------------------|-------------|-------------------------------|
| ENI South Regional (multi-country) | 1,840 | 1,975 | 93% | 4, 5, 6, 7, 10 |
| ENI South National (all countries) | 1,522 | 972 | 64% | 1, 2, 3, 4, 8, 10 |
| ENI South Total | 3,362 | 2,947 | 88% | |
| Egypt | 38 | 55 | 70% | 3, 5, 6, 8, 10 |
| Algeria | 44 | 74 | 59% | 1, 3, 5a, 8b, 10 |

All the 5 sampled regional projects are relevant to advancing the SBA. In Egypt, and in relation to the sampled projects:

- “TDMEP – TA on trade & export” in its entirety contributes to advancing the SBA, particularly dimensions 3, 5.a and 10.
- “TDMEP – TA – Industry” in its entirety contributes to advancing the SBA, particularly dimensions 3, 5.a and 10.
- “Research, Development and Innovation Programme phase II” in its entirety contributes to advancing the SBA, particularly dimensions 5.a and 8.b.
- “Promoting Inclusive Economic Growth in Egypt” has a lesser contribution to advancing the SBA, as the activities directly dedicated to SBA do not constitute a significant amount of % in the programme budget (1–2%). Other activities do, indirectly, contribute to dimensions 3, 5a, 6, 8, 10. The project will carry out a study on SBA in Egypt.

In Algeria, and in relation to the sampled projects:

- “P3A III (ALGEX) Twinning” contributes to advancing in SBA dimension 10;
- “P3A III (Stratégie d’Innovation Industrielle) Twinning” contributes to advancing in SBA dimension 8b;
- “PME II” (three contracts) contributes to advancing in SBA dimensions 3 and 5a.

It is noticeable that, on the basis of the information gathered from the projects that were identified by the team at both national and multi levels, SBA dimension 9 (SMEs in a green economy) is relatively under-represented in the overall context of EU support to advancing the SBA.

EQ18: To what extent has the EU assistance enhanced the visibility of EU aid, and promoted innovative approaches to aid delivery?

Judgment criterion 18.1 – Contribution of programming and implementation to EU visibility.

In general, and putting aside small omissions or mistakes in implementing EU visibility rules, all projects that were analysed comply with applicable regulations. The capacity of such compliance is however not the same when we look at financial instruments, such as those mentioned above, and more typical Technical Assistance projects, which tend to better convey the message of the crucial importance of EU’s support to achieve respective goals. This is mostly due to the nature of the support provided and, most particularly, to the fact that, in the case of financing projects, particularly those funded by blending instruments such as the WB EDIF and the NIF, respective end-user actions and instruments are most of the times delivered through more than one layer of intermediary institutions (e.g. an IFI and a local Bank), which tend to dilute EU’s visibility. The programming documents related to all sample projects, in all three regions and all six countries, contain the obligatory chapter on EU visibility. In implementation, vast differences were noted between individual projects. Without any exception, all credit line and other SME financing projects funded by instruments of blending nature, which are implemented by IFIs such as EBRD, EIB, KfW, etc., lack effective visibility measures, in terms of respective end beneficiaries/users. This was confirmed in the field; neither SMEs, nor BSOs or responsible public authorities were aware of the EU financial inputs in SME funding instruments established to blend grants and loans. The problem is in the system. Each project separately is obliged to carry out its own visibility measures, while in actual

fact the team of experts was hired for different, specialised services. They cannot be expected to be also visibility experts. Even when visibility measures are carried out dutifully, the overall effect on “EU visibility” is confusing. For example, each project produces its own website, with its own lay-out and functionality, but often without direct links to other EU funded projects. It was found on several occasions that websites of projects already completed years ago, were still online. This is not the best advertisement. Furthermore, respecting EU visibility rules does not necessarily guarantee that EU assistance through these projects enhanced the overall visibility of EU aid. None of the projects provide, as far as the documents made available to the evaluation team show, any assessment in this respect. It would have been appropriate to include, towards the end of the projects’ implementation periods and/or shortly after respective conclusion (and naturally within final evaluation exercises), surveys targeting the wider generality of project beneficiaries (including indirect and potential ones), and/or for instance the SME community in the various countries, including a question on this issue. In relation to the ENI SOUTH regional projects that were analysed, available reports on SANAD and the EBRD projects, for instance, do not allow for confirmation of respective compliance. The same happens, to different extents, in some of the national projects in Egypt. Some of these projects have specific visibility & communication strategies, therefore compliance and contribution to increasing EU visibility should be easy to measure. The two TDMEP projects analysed show that, although EU visibility rules are complied with, no information is presented in Inception or Progress reports on how EU visibility will be enhanced through project activities. Visibility actions are in these cases planned at “programme” level, implemented by the EUD, and this may contribute to less accountability by the project teams in making all possible efforts to use visibility as a leveraging factor for better impact of EU support. Testimonials received during the field meetings in Cairo complement the above, in the sense that visibility of EU assistance may have increased through TDMEP. This encompasses several crucial aspects of competitiveness development. Visibility is well perceived at the macro level. Perception at the ground level is minor due to the fact that the EU does not normally approach small businesses directly. However, EU’s visibility in the private sector is higher in the latest months/year. Furthermore, according to one Researcher interviewed, R&D&I (I&II) were known by every researcher in Egypt. The second project was born as a result of the success of the former one. In Algeria, the existing monitoring or evaluation reports assess positively the notoriety to EU support by the various projects’ communication and visibility actions. It was, however, possible to verify that some of the projects’ websites (or references in respective hosting/beneficiary Institutions’ websites) was not always visible or given appropriate relevance. For instance, no mention of the relevant twinning project could be found on the new ALGEX website, and a negative note should be made about the PME II’s Web site and its level of content updating. It may therefore be said, on a moderately positive note, that compliance with applicable rules is normally observed, but actual contribution to enhance the visibility of EU aid may in many cases not have been a major concern.

Judgment criterion 18.2 – Contribution of programming and implementation to promoting innovative approaches to aid delivery.

Innovative character of EU assistance is understood, for the purpose of this evaluation, as the extent to which projects, in their design, implementation and/or outreach, manage to detach from mainstream project tradition and/or landscape in EU assistance and, in particular, in the relevant region and/or countries. At the regional level, there are several innovative elements in both NIF-funded projects (SANAD and EBRD). The EU-NIF, being a blending instrument, is in itself an innovative instrument, but exists already for many years. SANAD’s both Debt Sub-Fund’s and Equity Sub-Fund’s capital structures favour public-private partnerships and public funding leveraging. Furthermore, SANAD itself innovates in e.g. issuing shares (the “L” shares, subscribed exclusively by Donors) that specifically absorb the impact of local currency situations, thus making investment more appealing for those investors not willing to accept exposure to such kinds of risks. EBRD’s project in itself is not totally innovative, however it must be considered as an innovation (as a complement to other IFIs’ actions in the region) in regional terms, as it provides a more comprehensive approach, mixing more intensively financial and hands-on advisory support to SMEs, Financial Institutions and e.g. Municipalities. “EuroMed Invest” is innovative in regional terms, as it provides a rather comprehensive approach, involving a high number of actors through a rather dense, albeit simple, set of activities, including e.g. network animation, capacity building, and sector- and regional-based approaches. Likewise, “Euro-Med TIFM” is also innovative in regional terms, in the sense that it provides complementary informational and contextual services to what already exists. The “EBESM” project may not be considered innovative in the considered context. In the Egyptian case, some innovative ideas are considered in the Inception Report of the “TDMEP – TA on trade & export” project:

- The full support of an Electronic Single Window (eSW) System and the implementation of two pilot projects to test its functioning;
- EGYTRADE is considered an innovative tool as it provides the needs information on a wide scale and cuts red-tape;

- Definition of the cooperation and coordination process among involved institutions in the trade area and the establishment of a National Export Facilitation Council in this context;
- The establishment of a MTI Policy Unit, to support the elaboration of the MTI's strategies and plans;
- Development of an export promotion package of activities "The right product for the right market", including needs identification, customised solutions and training. Business organisation and SMEs might participate in this activity, as well;
- TDMEP's Trade Portal is an innovative approach. Inclusiveness of the technical assistance contributes to its sustainability.

Also in Egypt, the "Promoting Inclusive Economic Growth in Egypt" Programme an innovative framework characterised by:

- A combination of interventions at strategic policy level (including policy and regulatory reforms) with local initiatives supporting local socio-economic development;
- Financing innovative flagship interventions on the ground to foster inclusive growth, contributing to decent job creation and local socio-economic development;
- Considerable scale: "This is the first time since the 2011 uprising that the EU engages at this scale on these sectors [PSD and tourism] in Egypt, while the needs and the opportunities in the sectors in concern are substantial";
- Focus on financing Flagship Projects that will deliver "quick wins", high impact at local level and great visibility to the EU, thus demonstrating the added-value of the approach;
- Financing complementary actions with high impact at both national and local levels, by feeding successful practices, approaches, projects, stories, etc. into the policy decision-making processes.

In Algeria, no specific innovation factors in EU assistance were identified in any of the projects being analysed. The list of PSD projects for the period 2010-2015 does not suggest such kind of character in any other project either.

Judgment criterion 18.2 is thus met to some extent in the ENI South region, particularly if the innovative character of EU assistance is considered in the relevant regional context. At the national level, the indicator is not met in Algeria, whilst in Egypt Serbia some projects do present some innovative approaches which, unlike what is noticed at the regional level, appear to be linked rather to implementation than to pure design, which shows that it is possible to promote innovative approaches to aid delivery even when the design itself of the interventions does not necessarily imply so. The most obvious innovation in EU aid delivery is that of financial instruments and especially that of blending of grants and loans. However, in one form or another, such instruments have already existed for at least a decade, so it is arguable whether they still can be considered innovative. Furthermore, it is observed that as of 2014, programming in several countries in other regions (Armenia and Montenegro are good examples) is geared towards simplified implementation, at least from the perspective of the EU services. This happens through complete transfer of financial, management and implementation responsibilities to accredited national, but mostly international, institutions, reducing the obligations of the EUDs to performance monitoring; even ex-ante approval procedures are rarely required in such cases. This tendency, however, was not observed in the ENI South region. Finally, it is acknowledged that what is an innovation in aid delivery in one country, has already become standard procedure in another. Both the Commission Services and the national authorities appear to be constantly searching for new and better mechanisms, which is deemed a good sign.

4.3.7 EU added value

EQ19: What is the added value resulting from the EU interventions, compared to what could be achieved by the beneficiary countries without such interventions?

Judgment criterion 19.1 – *Complementarity and non-contradiction or overlapping between beneficiary and EU programmes.*

The SME survey does not directly address this judgment criterion, but provides some interesting information on how EU assistance is perceived as compared to national budgetary support or other donor support. More than 50% of the respondents report significant or very high satisfaction with the EU-funded projects they participated in, with about half (28% of total) stating that expectations were totally met or even exceeded. Caution is required here: few respondents have a clear view of actual donor sources, so this finding probably does not only relate to EU inputs. Only 11% of the implementers are absolutely not satisfied with the results. Small and medium-sized enterprises express the highest satisfaction. It is noted that all participating large enterprises report only partial satisfaction, whilst data shown in previous points confirm that large enterprises are not among those having less benefitted from donor support. This lower

level of satisfaction may be linked, on the one side, to the small sample size (for large firms) and to a higher degree of expectations from these bigger, more organised and better structured companies. At the regional level, all relevant project documents provided for the 5 projects under evaluation sustain the conclusion that these projects were to a large extent designed, and are implemented, with a high degree of complementarity and non-contradiction or overlapping with national or regional programming: None of the projects show significant overlapping and only one (Euro-Med TIFM) would have benefitted from a better linkage with the Enterprise Europe Network, which is not mentioned in the respective project documents. By presenting, in several cases, a degree of innovation in their approaches (see EQ18) and ranking high in non-overlapping and complementarity with national or regional programming, the projects must be positioned at an also high level in terms of EU added value. It should also be noted that these projects, in their two main different natures (financing tools, on the one hand, and support to internationalisation, business linkages, networking and other competitiveness soft factors of supra-national dimension), are better designed and tend to be more efficient and, particularly, effectively implemented at a supra-national (thus regional) level. In Egypt, based on evidences at disposal, EU funding rather complements than overlaps with other programmes, financed at regional level or by other donors. Thus, they add value to the extent to which they are effective. Strategic multi-annual documents seem to look to a more limited extent into the matter of coherence between national/bilateral and regional programmes. The regional ENPI programme for the South neighbourhood contributed to achieving objectives set up in the CSP 2007-2013 complementary to bilateral operations, however, in the PSD sector the CSP refers only to the Euro-Mediterranean Charter for Enterprises. The same is the case with the NIP 2011-2013. In the Focus Group meeting held in Cairo, the following opinions were generally expressed:

- The EU absolutely necessarily and successfully preserves political neutrality, whilst USAID, which, after 3 years of relative standby, is resuming pace on a flexible and demand-driven approach, may be more comprehensive in their funding approach. The GiZ is very visible and active in the private sector.
- The EU very well matched in partnering with the Government. USAID and GiZ for instance are more efficient in directly addressing business problems and engaging in direct activities, formulating solutions and recommendations. Hence providing a certain level of complementarity.

TDMEP and the progress achieved in terms of strategic approach could not have been reached without EU support. EU's relevance is particularly high in terms of its focus on institutional capacity building and policy-making. The added value resulting from the EU interventions in Algeria is clear and not subject to reasonable doubt. The EU is a key player in Algeria's development in terms of strengthening the private sector, promoting internationalisation of Algeria's businesses and supporting job creation and inclusive development. The monitoring and evaluation reports for the projects under analyses sustain this assessment. In this context, there does not seem to exist significant, if any, contradiction with national or regional programming, including in relation to other donors. One important result of the EU projects is the regional integration of the agri-food industry in Algeria.

To a large degree, complementarity and non-contradiction with national or regional programming are ensured at both regional and national programming, in relation to both national- and other donor-funded PSD/Competitiveness support interventions. A few cases of overlapping may be detected in some areas, such as:

- Provision of training to SMEs and/or BSOs;
- Consultancy/advisory provision to SMEs;
- Financial/funding provision to SMEs.

Of the above, the latter is not problematic, provided that EU's State-Aid rules are respected and transparency and accountability are ensured in relation to the instruments being put in practice and respective management. Furthermore, except for grants (for which State-Aid limitations should be able to impose appropriate limitations), most if not all the financial instruments being placed at the service of SMEs are managed and regulated by principles and mechanisms applicable to the IFIs that have the role of implementing them, and this includes, among many others, proper due diligence. Freedom of choice (with respect for equal opportunities) may in this respect have a much higher value than possible negative effects caused by overlapping or competition among instruments. Furthermore, most of the IFIs involved are very keen in not practising market conditions that might distort local financial markets, their role being more of complementarity and coverage of market gaps than of conquering market share. Finally, the technical assistance provided to local banks, consultants and beneficiary SMEs plays a crucial role that classical financial markets and institutions do not in any way ensure, thus increased added value from EU-funded interventions. Overlapping in relation to consultancy/advisory provision to SMEs does happen at times, among both EU-funded and other donors-funded interventions (national funds are very seldom used to support this kind of provision, except in very niche cases where there are clear market failures).

The problem here may exist more in terms of market distortion (which would tend to harm the commercial, mainly local, consultancy market) and might, if not properly monitored and controlled, risk inducing negative consequences in terms of donor-dependency by SMEs, particularly those less competitive, in relation to resorting to consultancy services. Whilst the evaluators did not detect any specific case where this is actually happening to a significant degree, it seems clear that more effort should be given to monitor structural effects of this kind of aid (and particularly of possible effects of overlapping among interventions) and, whilst the importance of continued investing in it to support PSD/Competitiveness sustained improvement, efforts should continue to search for the best possible approaches to minimise and control the identified risks. The case of overlapping in provision of training to SMEs was mentioned in some interviews, namely in countries within the ENI South region. The consequences here may be market flooding (i.e. incapacity of the beneficiaries to absorb, to maximum appropriation and benefit, the outputs of the trainings being provided) and, particularly when training is free of charge, low retention rates in terms of participation. Some of the reasons for existence of this overlapping may be linked to e.g. insufficient/insufficiently targeted and/or professionally executed training needs assessments (TNA) and/or to training in management- and business-related issues being a rather straightforward activity guaranteeing a number of advantages for project implementers, such as large number of beneficiaries, involvement of local experts and significant budgetary effects. It seems therefore clear that, as for consultancy/advisory provision, more consistent and sustained (real-time) monitoring and (ex-ante, mid-term, ex-post) evaluation of the overall PSD/Competitiveness-related training landscape in each country, which would necessarily imply more efficient and effective donor co-ordination. Inclusion of better structured and professionally executed TNAs as a prerequisite for implementing training actions would also very likely pay out in terms of value for money. A second aspect in this EQ relates to self-sufficiency of beneficiary countries, i.e. the extent to which the added value resulting from the EU interventions could be achieved by the beneficiary countries without such interventions, and here the results of the evaluation exercise made are rather straightforward:

- In relation to what could be replaced by other donors' support, the conclusions on relevance, complementarity and non-overlapping provide a clear and absolutely uncontested idea that inexistence of EU funding would have a very negative impact and could not be fully and effectively replaced by other donors. There are countries, such as Algeria, where the EU is by far the strongest donor in PSD/Competitiveness support, and many donors are either lightly, or even not at all, present in regional terms. Furthermore, in themes such as e.g. the SBA no one but the EU would be appropriately positioned to provide the necessary support.
- In relation to what could be achieved without any donor intervention, the conclusion is even more overwhelming and is that most if not all the beneficiary countries lack the budget to provide the kind of support that the EU (and the donor community in general) is providing, at national level and even more so at the regional level. Hence, the EU added value is absolutely undiscussable.

EQ20: Which areas within the PSD/Competitiveness sector can do without or with reduced EU assistance because they are well covered by other donors?

Judgment criterion 20.1 – Areas/sub-sectors effectively covered by non-financial assistance from other donors.

and

Judgment criterion 20.2 – Areas/sub-sectors effectively covered by financial assistance from IFIs.

Methodological notes:

Regarding EU added value, both the overall PSD/Competitiveness-related documents and the sample project documents have been scrutinised. Donors and IFIs publish great quantities of information on allocations and disbursements, but the collection and systematisation of this information is not a practical proposition, for several reasons. In the first place, different donors have different definitions of PSD/Competitiveness. Secondly, donor statistics are unclear on years of programming, implementation and disbursement. Thirdly, there are several donors who do not publicise information at all. And finally, data on success (impact) is scarce while it is dearly needed for any comparison. Given these limitations, the endeavour of the evaluators has been to confront the sample projects with comparable interventions financed by other donors.

Two statements presented for discussion to the focus groups in the various countries were:

- *EU interventions in the PSD/Competitiveness sector are unnecessary since national strategies, actions and subsidies do a better job at improving the PSD/Competitiveness sector in your country.*
- *The EU should reduce or even abandon its (financial) contributions to the PSD/Competitiveness sector in your country, and re-allocate them to other sectors, since other donors (and IFIs) sufficiently cover most or all relevant fields of assistance.*

It will not surprise anyone that the participants at the focus groups expressed their strong disagreement with both statements. In this, the evaluators found no differences between regions and countries, although it was remarked in one of the IPA countries that gradually, the administrative costs and burdens of managing IPA funds are outweighing the benefits of the programme. Even taking into account that most participants represented the PSD/Competitiveness sector and therefore had a certain bias towards it, the general opinion was that of all aid sectors, the PSD/Competitiveness sector is most in need of EU assistance, for two reasons. In the first place, because this aid is expected to have the most tangible effects in terms of welfare. Secondly because there is no alternative for it, given strained national budgets and piecemeal contributions from other donors. Yet, it also became clear that the participants had mostly in mind the direct financial contributions the EU is providing to SMEs, directly through grants or indirectly through cooperation with IFIs in blending operations. In relation to Egypt, it is challenging to create a coherent image of donors active in the PSD sector. The 2015 Action Programme “Promoting Inclusive Economic Growth in Egypt”, in the section “Complementarity, synergy and donor coordination”, does not mention any donor for the MSEs components, only EU-funded projects/programmes, national and regional. On the other side, the Country Strategy Paper 2007-2013 specifies: “The Commission's Delegation in Cairo is instrumental in donor coordination.” A Donor Coordination Matrix Egypt 2009 is inserted in the 2011-2013 NIP, but it is not present in further, more recent, documents. Analysing OECD's database⁴, it may be said that the United Arab Emirates are the largest donor in Egypt case, followed by Germany, Turkey, EU, USA, Arab Fund, France, Japan, Kuwait, OPEC Fund. One can also see that almost 1/3 of the ODA in 2013-2014 was dedicated to economic infrastructure, with 11% more to production, sectors which we can assimilate to PSD as understood by this evaluation. More relevant projects might be implemented under “programme assistance” and “multi-sector assistance”, or even “education” – R&D&I-related interventions. In the Focus Group meeting held in Cairo, it was suggested that situational analysis should be carried out, to see where financial assistance is most effective. Complementarity is essential. Sustainability through project-based interventions may sometimes be questioned. Still in Egypt, the TDMEP's two sampled contracts refer some donors as active in the area covered by the project, including UNIDO, USAID projects on Trade Facilitation, GIZ Business Process Analysis projects, EBRD project on “SMEs financing schedule” and World Bank/IDA. Two initiatives of other donors are presented in detail as relevant for the “TDMEP – TA – Industry” project: the IFC EASE project, which addresses the role of the IDA as a licensing and registration authority as well as the allocator of land, and the UNIDO-developed roadmap for the development of an industrial strategy (“Unlocking the industrial potential of Egypt”/Road-map for the Development of an Industrial Strategy for Egypt, July 2015) and the Green Trade Initiative. Co-operation with the IFC EASE project is expected to facilitate the work on industrial regulatory reform, administrative simplification and in developing the One-Stop-Shop Portal under the “TDMEP – TA – Industry” project. Some of the projects proposed by UNIDO in the above-mentioned road map are implemented under the “TDMEP – TA – Industry” project, the most important being the Industrial Strategy Unit set up with the project's support. In summary, and as much as Egypt is concerned, it may not be concluded from the above references that EU's PSD-related areas of intervention are effectively covered by either non-financial assistance from other donors or financial assistance from IFIs (which own interventions are themselves, in some cases, partial or totally EU- and/or other donor-funded). In Algeria, in general terms and as was noted in relation to EU added value, there is a limited number of donors involved in PSD support as it is still considered that Algeria does not need donor funding because it has sufficient financial resources of its own. This might change in medium term should the oil market slowdown persist. Existing donors contribute less than the EU and are marginal in terms of funds and effects relating to PSD support. The allocation of IFIs to Algeria that may directly relate to PSD development, as understood in this evaluation and although it could not be accurately measured, is not much significant. As a conclusion from the above, it may be said that the success (impact) of EU assistance in Algeria is higher than that of other donors' and/or IFIs assistance.

The answer to EQ20 very much relates to the reasoning made in relation to EQ19, and thus issues of complementarity, non-contradiction and areas of overlapping, already treated there, shall not be repeated here. The same applies to the extent to which EU's aid in the field of PSD/Competitiveness could be effectively replaced by other donors' aid. Admittedly, EQ20 and the related judgment criteria were somewhat provocative. They have elicited expected reactions from the counterparts in the countries. From an objective point of view, it is EU support that keeps the wheels turning in the PSD/Competitiveness sector. Direct financial and non-financial support to SMEs is unanimously regarded as the best instrument. EU interventions in related fields (e.g. IPR, e-business, institution building, regional development) are considered “luxury issues” that could do with much less support. The evaluators only very partially agree with this notion, in the sense that indeed there is some evidence of projects that – in hindsight – did not have much impact. The points to make here relate therefore to the

⁴ <http://www2.compareyourcountry.org/aid-statistics?cr=302&cr1=oe&lg=en&page=1>

best adequacy of the EU to provide the kind of PSD/Competitiveness support it is providing, having in consideration the existing landscape of donor and IFI support in the same and related fields. One key difficulty to this analysis comes from the extreme difficulty (not to say impossibility) that the evaluators have faced in obtaining a clear picture of who is doing what, where, when, for which purpose, with which resources and to which outcomes and impacts. This obstacle was mentioned as an introduction to treatment of this EQ. In any case, some general lines may be followed:

- In relation to the donor landscape, the EU tends to be more institutional and deal less with direct actions towards the SMEs themselves. This is confirmed by both documents and interviews (including e.g. the Focus Group meeting in Egypt). Donors such as USAID and GiZ (and maybe also AfD) are perceived as being more effective in directly targeting SMEs and also in more easily adapting to change during projects execution. On the other hand, the EU is perceived as working better in e.g. institutional strengthening or policy support. Both types of interventions are necessary and useful for the ultimate purpose of fostering private sector development and competitiveness in the target countries;
- The EU is clearly the major donor when it comes to regional intervention, particularly in the ENI and IPA regions, which comes as a natural consequence of the proximity of these regions to the EU and the specific purpose of IPA support. Hence, the EU seems irreplaceable at this level.

When it comes to IFI support, reality differs even further from case to case, and the impossibility to produce a realistic mapping of PSD/Competitiveness support (as defined, in time and scope, for the purpose of this evaluation) is a reality. Furthermore, there would exist a clear risk of double-accounting for many IFI interventions, namely those funded through EU's blending instruments (like e.g. KfW, the EIB and the EBRD), as both EU- and IFI-funded cases. But some general conclusions may also be drawn:

- It stems from the analyses made in relation to several previous EQs that interventions, namely those (co-)funded by the EU, where IFIs are leading implementers tend to be well structured, are efficiently managed and very effective. Their relevance to improve financing of MSMEs (including at the microfinance level) is unquestionable. No other type of donor-funded intervention (including from the EU) would likely be able to provide the same level of results and impacts.
- As it was already noted, the fact that many financing instruments made available through IFIs integrate, or articulate with, technical assistance provision makes them particularly performing and resilient, as in fact they contribute to decisively strengthening the capacities of the stakeholders involved, being them intermediaries or final beneficiaries.
- On the other hand, the fact that IFIs use, as a general rule and particularly when financing facilitation is involved, due diligence rules and practices tend to make them target mostly the best performing SMEs, thus leaving aside the vast universe of MSMEs which, with the appropriate combination of soft and hard support, might also see their competitiveness and overall business performance improved. There might therefore exist a tendency to leave important groups of MSMEs behind if support were exclusively provided through IFIs, which leads to the conclusion that the EU does well in complementing IFI-driven (through e.g. blending instruments) with other types of PSD/Competitiveness assistance. Further investing (including through IFIs) in developing financial literacy, basic business planning, cash-flow management skills and investment readiness at the level of micro and very small enterprises would constitute a positive lever for better access of these smallest firms to finance.
- It may be concluded from the above that, in those cases where IFI's type of intervention may be successfully applicable, resorting to IFIs (through e.g. blending instruments) is a powerful (consistent, efficient, effective, impacting, sustainable) way for the EU to convey support to the private sector, particularly in the framework of regional or super-regional programmes. This is confirmed by the few ROM reports that were made available to the evaluation team regarding this type of interventions. IFIs should therefore be used whenever possible, not forgetting that, by their nature, they may sometimes not reach the full range of MSMEs needing, and deserving, EU support for their competitive development.

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5. MISCELLANEOUS ASPECTS

5.1 BUDGET SUPPORT

Budget support programmes for the PSD/Competitiveness sector only exist in the ENI South region. In both other regions, relevant interventions are at maximum "hidden" – as complementary measures – within overall budget support programmes that are not visibly or tangibly aimed at promoting private sector development. The main corpus of budget support programmes, to be implemented by national authorities, as a rule does not include PSD/Competitiveness, with the exception of some remotely connected legislative and institution building activities. One example the evaluators have had a closer

look at is the project ESRA in Moldova. It appears with a series of interesting lessons related to accompanying business support programmes:

- ESRA BSP functioned best when the Policy Matrix and correlated specific conditions were geared towards few rather than many line ministry beneficiaries;
- Beneficiaries respond better to/are more interested in “hard core” specific conditions (such as number of grants provided, number of businesses created, numbers of jobs created, etc.) than “soft core” specific conditions such as training of departmental staff, etc.;
- Involvement of key decision-makers at the highest level of the BSP beneficiary (such as a Minister and Vice Minister explicitly instructing which ministerial department is responsible for achieving which specific condition(s) by which deadline) is key for a successful implementation of a BSP;
- The translation and dissemination of a BSP Policy Matrix and correlated specific conditions throughout all the beneficiary levels, greatly enhances the involvement of the beneficiaries in and the effectiveness of implementation of the BSP;
- Internal M&E-ing at a 3 or 6 monthly basis, assessing the attainment of specific conditions is key to success.

5.2 DCFTA

Although many experts claim that DCFTA interventions should be considered – at least partly – to belong to the PSD/Competitiveness sector, the evaluators have their doubts. Work on DCFTA aims at preparing the country for free trade with the European Union, which comprises many legislative and regulatory actions, institution building efforts, quality infrastructure improvements and preparations for/assistance with negotiations. Naturally, as an end result, the private sector will benefit from the agreement but there is little to no tangible evidence on the impact of the interventions proper. Of the sample countries in ENI East, only Moldova is geared towards adopting the DCFTA. Armenia terminated the process in 2013, by opting for membership of the Eurasian Customs Union.

5.3 FINANCIAL INSTRUMENTS

The need for better access to finance is not disputed. Regional programmes (and lately, also some national ones) allocate considerable sums of money to financial instruments for recipient businesses. Each year, new EU implementing decisions related to blending instruments emerge, for various amounts and with various conditions. It can only be assumed that these decisions are based on thorough studies of the needs of the SME sector in a particular country, but evidence for this is absent. At first sight, interventions related to access to funding have evolved over time into an unnecessarily complex system. Its main disadvantage is that the final recipients (SMEs), unless they have established a separate department for research of EU funding opportunities, have little chance to gain a complete picture of what is available, let alone that they can make informed decisions on which financing instrument to choose. They are confronted with funding schemes such as EFSE, WB EDIF, NIC, ENIF, ENEF, WeBSEFF I, WeBSEFF II, WeBSEDF, GGF, GGF TAF, GF, FEMIP, Flagships, European Western Balkans Joint Fund, REEPWB, and still several others. At best, this setup is highly client unfriendly, at worst, individual entrepreneurs are likely to make wrong choices. Another, related issue is that many of these financial instruments are being implemented by either EBRD, of EIF, or EIB, or KfW, or – to make things more complicated – by combinations of them. They have disparate distribution mechanisms (each organisation has its own local financial partners), while the products they deliver are basically identical, give or take some small specific features. Client SMEs tend to be loyal to their bank which limits their opportunity to utilise perhaps more suitable EU-funded products at other banks. Implementing organisations (basically the IFIs) are free to select the local financial intermediaries they wish to work with. For this, they have developed elaborate due diligence systems, while in several cases they also provide technical support to the banks, and in all cases, monitor their performance. One issue has not become clear during the evaluation and the evaluators bring it up since it was mentioned in several local interviews. This concerns the costs local banks charge to their clients for administering the credit. There are complaints that these costs are artificially augmented with the effect that they largely eliminate the financial advantage of the EU-supported loan. Investigation is in order. Finally, the work on this evaluation has revealed that various IFIs practice different reporting procedures on activities and impacts. Financial reporting is generally satisfactory, activity reporting has some flaws, but reporting on impacts is mostly absent. Especially when taking into account the enormous amounts of EU money invested, it is rather incomprehensible that the Commission Services continue providing considerable funds to these facilities without having independent, objective proof of their effectiveness and impact.

6. CONCLUSIONS AND RECOMMENDATIONS

6.1 CONCLUSIONS

6.1.1 On relevance

C01 Relevance of EU assistance is high in general terms when measured against relevant national priorities and needs. This statement is particularly true when it comes to the individual countries' national programmes, whereas the EU's regional assistance seems to be reflecting the wider priorities of the EU rather than the needs as felt by individual countries. It can be alternatively claimed that said assistance programmes are based on the Commission's assumptions of the individual countries' needs (see also **C03**), which is *per se* not necessarily an incorrect conclusion.

C02 Where national needs are expressed in strategies, the links between those needs, on the one hand, and EU interventions under national programmes addressing them, on the other, differ greatly among the countries. Some national programmes (e.g. for Albania, the former Yugoslav Republic of Macedonia, Montenegro, Moldova) provide limited answers to the needs, others (such as for Algeria, Egypt, Armenia in recent years, Kosovo, Serbia, Turkey) adequately reflect the formulated needs.

C03 While consultation mechanisms are exercised with the countries affected by regional (multi-country) programming, this is still, however, predominantly dealt with at a Commission level. Country needs are addressed in EU regional programmes and interventions although it seems that at times these needs are perceived better at the Commission HQ than by the countries themselves. Since approval by individual countries is not required, these countries are left to opt in or out of regional interventions in spite of the consultation mechanism engaged.

C04 When it comes to the programming process, the relevant 2014-2020 period has succeeded into rectifying some of the deficiencies found earlier. These 2010-2013 exercises have been found to lack the adequate level of structure and focus in their programming, particularly in Eastern and, to a lesser extent, Southern countries. In the former programming period the team found that some action fiches/action documents have been rarely bound to specific sectors; they have allowed interventions of diverse nature and aim not always incorporating the aspect of PSD/Competitiveness, providing global and too general objectives and tentative performance indicators. Monitoring and evaluation exercises related to these interventions have inevitably ended up in generalised statements.

C05 A shared concern with stakeholders in regional projects is that their implementers are often too loosely attached to any of the countries in the region, leaving to perceptions that their contributions are more of an academic than a practical nature.

C06 A logical consequence from the perceptions listed in conclusions 03 and 05 is that some of the designed regional interventions enjoy limited support from the beneficiaries at a national level. This statement implies that ownership is at stake.

C07 For national projects the Commission requires the beneficiaries to perform a thorough needs analysis, stakeholder analysis, problem analysis and description of objectives. As a principle *per se*, this is a sound basis for decision-making. When this exercise is to be applied to regional projects, and especially when contribution agreements are foreseen with international institutions, there is an impression rarely substantiated in documentary evidence that said international institutions perform most of the design documents, starting with the project/action fiche, leaving to conclude that prior agreements between the EU and international organisations on yearly allocations strongly influence the types and contents of regional interventions.

C08 There is a clear positive evolution in the quality of project designs at all levels, in all regions, indicating continuous (and effective) work within the Commission Services to iron out weaknesses. The formulation of measurable indicators (and eventually the establishment of adequate systems for their monitoring) is historically a point of concern. As opposed to earlier years, programming under the 2014-2020 financial perspective has strongly gained in quality in this respect.

C09 Regional and national programmes have not been detected to contain overlaps. On another positive note, these programmes also share elements of complementarity and synergy to a certain extent, although these may be a fortunate 'side effect' to their initial design. Handbooks and protocols do exist for the coordination between national (EUD) and regional (HQ) programmers, however more awareness should be raised with regards to the progress of regional programmes and projects both with direct and indirect stakeholders.

6.1.2 On efficiency

C10 Programmers remain overly optimistic about procurement procedures and – due to high staff turnover – beneficiaries with responsibility for preparing procurement documents persistently lack the necessary experience, resulting in below-quality documents and lengthy administrative procedures.

C11 When individual projects are found to have elements of complementarity with other assistance exercises, be them funded by the EU or by other donors, individual experts are free to use their professional judgment into making out any need to coordinate activities and learning outcomes among them. When such a cooperation mechanism is left to discretionary practice, it may entail certain deficiencies that leave further room for more formally established synergy mechanisms.

C12 On a knowledge sharing note among various inter-institutional departments benefiting from EU assistance, it should be pointed out that IPA countries, that have benefited from more institution and capacity building support, are well underway at overcoming problems related to lack of interaction and/or capitalisation on synergies among project or programme beneficiaries. This acquisition should be also absorbed in the two ENI regions to avoid compartmentalisation of public institutions, externally and even internally. Assistance beneficiaries should be more aware of the obstacles arising from communication deficiency among organizational units within their own structures.

When it comes to regional programmes, their awareness and inter-institutional cooperation levels seemed to lack the requisite degree.

C13 Country beneficiaries in all three regions in general provide lip service to the Commission's desire to introduce a sector-based approach. Despite interviews conducted with policy makers, it has not been possible to unearth the real reasons for their reluctance and most probably, there are no stronger arguments against the sector-wide approach than that it is new and upsetting traditional practice in the countries. The knowledge that a sector-based approach can contribute to solving the major problem of inadequate mutual communication between national ministries and agencies has limited appeal.

C14 The PSD/Competitiveness sector as defined by the Commission combines actions in the field of approximation, public administration reform, legislative adaptation, foreign trade, DCFTA, business environment. From the point of view of the beneficiaries, this comprehensive and challenging set of sub-sectors, while essentially important, is difficult to capture under one overarching PSD/Competitiveness sector. Rather, beneficiaries prefer to perceive PSD/Competitiveness as all actions directly benefitting the business sector.

C15 The long lists of interventions under the IPA and ENI annual programmes (see Annex 7.4) show a great ambition on the part of the EU to solve as many as possible of the PSD/Competitiveness problems and needs in the countries. Yet, the real actions that can be financed each year specifically by the EU appear not sufficient to realise the entirety of its ambitions. In that sense, it is concluded that the EU programmes per definition foresee too many strategic objectives to achieve on EU assistance alone. This statement has, however, been already detected and rectified as – in particular in the ENI East and the IPA region – programming as of 2014 has been much more realistic in this respect.

C16 Efficiency is to a large extent a function of how smart a project is designed. The most important factors related to design and implementation for successful performance are; clear design and intervention logic; robust management & monitoring processes; strong capacity to induce ownership; capacity to deliver tangible effects with perceived value for beneficiaries; quality of implementation teams; capacity to adapt to changing realities.

C17 It is a foregone conclusion that indicators included in older programmes (2010-2013) in most cases lacked the "smartness" to allow for appropriate monitoring. Apart from the ROM system, which can only address part of the interventions, no other national or regional monitoring systems were found for that period, not even at the EUDs. The latter were explicitly asked to provide internal monitoring information, without result. The problems mentioned above are widely known and do not merit detailed rehearsal. Measures have been taken, as reflected in the programming documents for the new financial perspective 2014-2020 (and even in some of the 2013 documents) and reportedly, better indicators for tracking SME/Competitiveness performance at country level were developed by ESTAT and introduced in programming and project documents. Still, no locally-based monitoring systems were encountered, which may or may not be attributed to the fact that evaluators happened to overlook any documents and interviewees able to report on this.

C18 DG NEAR has a sound evaluation programme that covers themes, programmes and instruments over time. There are instances where EUDs commission evaluations that are also covered by DG

NEAR's programme. An example in the PSD/Competitiveness sector is the evaluation of the Local Economic Development grant scheme in BiH, which was also part of the project sample for the present evaluation. This seems to indicate that there is room for improvement in the coordination of evaluation activities between Commission HQ and the EUDs.

6.1.3 On effectiveness

C19 PSD/Competitiveness programmes within the three instruments are largely effective, although the active support to interventions given by the national authorities (i.e. to turn outputs into results) is still inadequate. Where for a long period the volume of EU interventions has been too small to bring about wider effects in the economies, the new financial perspective 2014-2020 gives PSD/Competitiveness increased attention. Still the fact remains that the EU can do only so much to resolve the vast sector shortcomings in the three regions.

C20 Despite the vast amounts spent on improved access to finance, the reporting by IFIs in publicly available documents is – with one or two exceptions – insufficient to measure wider results and impact, which undermines the justification for continued financing of these operations.

C21 Of all relevant aspects of the business environment, the programmes and their sample projects show positive outcomes for entrepreneurial learning opportunities, regulatory and institutional framework for SME policy making, availability of support services for SMEs. Innovation support to SMEs is also a successful sub-area but it must be borne in mind that the number (and size) of projects is rather small to bring about wider impact.

C22 The aspect of green economy (availability of services to promote eco-innovation and eco-efficiency among SMEs) was perhaps too premature to address in the 2010-2013 programming period for ENI East and ENI South, although the evaluated sample provided more positive results in the IPA countries. This aspect should be more accentuated throughout implementation of the 2014 and 2015 projects regardless of its emphasis in the project design stage.

C23 Although arguably, the IPA instrument and its sample projects per definition affect the countries' development towards EU membership in one way or another, the majority of them do not have this as an explicit objective. Only IPR projects and a project on e-business had a direct relationship with the *acquis* and these projects have been successful in preparing the countries for accession.

C24 With all diplomatic endeavours pursued by the EU in the affected regions and their political implications which do not explicitly form part of their country or regional programmes, the EU not always requires on-par degree of involvement from the beneficiary countries. Having said that, any result achievement is a two-way street requiring absorption capacity to be exercised by the assistance beneficiary in a larger context. The list of preconditions for better absorption are, but not limited to, adoption of legislation, appropriate staffing of business support organisations, well absorbed adoption of strategies, streamlining of administrative procedures. The good practice of budget support programmes, where beneficiary contributions and mandatory results are described in detail in a performance matrix, could also be deployed in other delivery methods. Such an approach would help in raising awareness with the countries as to performance expectations from them.

6.1.4 On impact

C25 Several of the sample projects have provided direct non-financial support to SMEs. Numbers of SMEs that have concretely benefited are hard to come by. Importantly, the majority of these sample projects in parallel focused on the development of systems and structures for service provision to SMEs, which potentially would lead to impact. Expected results directly related to access to services, as stated in project designs, are most of the times indeed realised or likely to be realised, but impact varies according to capacities and (absence of) policies in the sample countries. BiH and Moldova score especially low in this respect, Serbia and Armenia score high, Egypt and Algeria take an average position.

C26 Relevant sample projects have generated hundreds of millions of EUROS of direct financial support to SMEs. This is judged a great success and it is likely that the impact of these financial instruments is considerable. It may be considered less positive that all countries studied (with the exception perhaps of Serbia and Turkey) have come to rely on these external sources of finance for their businesses and hence, do not invest much energy in establishing their own financing schemes.

C27 A positive conclusion can be issued as to whether assisted SMEs have contributed to perform better in terms of growth of jobs, growth in turnover, growth in international trade. Said conclusion is,

nonetheless, based on the available report from a single project (ENPI 2012 SBS I), which leaves to presume that this type of approach has a strong positive effect on business performance.

C28 The SME survey carried out as part of this evaluation shows that around one third of responding SMEs report an increase in their annual turnover thanks to EU support. This is a positive outcome, taking into account that respondents were chosen at random.

C29 The same survey leads to the conclusion that positive effects are predominantly experienced by medium-sized enterprises. This confirms the practice of IFIs aiming their (financial) assistance to the already best performing companies, which typically are not micro enterprises. The question is justified how to better channel financial instruments to beneficiaries most in need of support.

C30 There is no evidence that any of the sample projects has led to the introduction of environmentally friendly (green) technologies. If the results of the SME survey may be considered indicative, such environmental effects were also hardly achieved at the level of the instruments.

C31 Gender equality is covered by standard paragraphs in the strategic documents for the ENI and IPA instruments, and also in the majority of design documents. Interestingly, these paragraphs do not return in ToRs for projects, which may well be one of the reasons why only a small minority of the sample projects invest effort into this issue, and provides gender-specific reports. The maximum that can be concluded is that instruments and projects succeed in maintaining gender neutrality.

6.1.5 On sustainability

C32 The sustainability of effects of newly created institutions depends in most cases on further EU involvement allowing them to continue their activities, even on a non-formalised basis. Overall, the institutions capacitated in the projects analysed are confronted with threats to sustainability due to lack of financial resources for their running costs or development and due to lack of active involvement of decision-makers. An element with strong potential to contribute to sustainability of project effects is the development and retention of individuals capable of effectively furthering the activities of the institutions.

C33 Regional programmes such as EFSE, deploying financial instruments targeting MSMEs and providing complementary technical assistance, are in themselves sustainable as the revolving funds they support point to a high likelihood of key project effects to last and leverage/multiply their effects in the mid- and long-term.

C34 Additional sustainability enhancing factors specific to R&D and Innovation are (i) long-term commitment to R&D and Innovation support; (ii) contribution to creating and strengthening R&D and/or innovation-support institutions that demonstrate capacity to generate and secure a sustained stream of own revenues thus being preserved and sustained; (iii) stakeholders inclusion and active participation in R&D and Innovation promotion; (iv) capacity of the EU to attract participation in e.g. R&D Framework Programmes and innovation-related networks and activities, etc.

C35 There is in general a slow pace of adoption, by relevant authorities, of primary and secondary legislation, institutional and administrative provisions as conditions for technical and financial sustainability of the institutions, tools and services created by EU projects: Administrative and legislative processes are many times too complex and slow to efficiently conciliate with programmes' and projects' limited time-frames and resources, and it is not uncommon that multiple political, economic and social interests hamper timely action.

C36 Not much evidence is available with regards to the ownership of R&D and innovation activities. While the designs of relevant sample projects all include actions to enhance the involvement of institutions at the meso and macro level, which would lead to strengthened ownership, still higher priority should be given to this aspect in implementation and positive trends already present (such as the establishment of a comprehensive innovation support infrastructure in Serbia, for instance) should be taken note of in other countries of the regions (such as Algeria, for instance), where R&D and Innovation are not (yet) considered a priority. .

6.1.6 On coherence

C37 Specific activities aimed at promoting strategic and operational participation in the FP7 (now H2020) and CIP (now COSME) programmes were not encountered in regional programmes, and only seldom in national programmes. On the other hand, almost all countries enjoy considerable financial support for their entry tickets. It was found during the field visits, however, that the establishment of national

infrastructures (contact points, etc.) for H2020 and COSME, which was a precondition for the agreements with the programmes, has at least boosted the operational links with them.

C38 The vast majority of EU interventions to PSD/Competitiveness in the three regions targets fields related to advancing compliance with the SBA. Regional programmes particularly focus on dimensions 6, 7 and 10, with an emphasis on access to finance. National interventions in one way or another target all SBA dimensions. A clear exception is dimension 9 (SMEs in a green economy) for which few to no interventions have been found.

6.1.7 On EU added value

C39 National and regional programming under all three instruments duly exhibit complementarity and non-contradiction in the field of PSD/Competitiveness support interventions. The question is whether this is by design, or by coincidence, since it was concluded that the cooperation and communication between programmers at regional and national levels was found to be less systematic than claimed by EU internal programming instructions.

C40 The fact that some EUDs have decided to include financial instruments in their national programmes is a sign that beneficiary countries are not content with the financial instruments under regional programmes. This is understandable from their perspective: they have little influence on how much of the aid lands in their country, they cannot formulate the conditions most applicable to their situation, and in cases where there are no local offices of the IFI they are at a physical and psychological distance of the delivery mechanism. As maintained elsewhere, financial instruments should preferably belong to the regional programmes, as is the predominant practice now. But action is needed to reverse the current trend; see recommendations R12, R13 and R15.

6.2 RECOMMENDATIONS

This evaluation is meant to give judgments on various aspects of the ENI and IPA instruments, rather than on the individual sample projects. This is already reflected in the above conclusions. The recommendations below endeavour to avoid details on projects and are limited to the ones that are deemed most crucial for the future programming exercise. The Terms of Reference (Section 2.3, ad.2) for this assignment present a framework for this recommendations section, and this framework is followed below.

A. the future programming of EU assistance for PSD/Competitiveness recommended for upcoming assistance, and “weaknesses” as “negative” programming examples.

R01 PSD/Competitiveness encompasses many sub-sectors (e.g. SME development, public administration reform, trade regulations, etc.) which are managed by different parts of the government administration. Whether it lends itself to a fully-fledged sector-wide approach is a question that cannot be easily answered. Yet, compartmentalisation of policies is inherent to the public administration in IPA and ENI countries; communication and cooperation among ministries and public agencies on policy making are not yet at an adequate level. The establishment of a Regional Cooperation Council in the Western Balkans, and Platforms and Panels under the regional programme may be a good way to achieve common policies at the regional level, but does little to further the integrity of PSD/Competitiveness related policies at the country level. Therefore, whether this is called a sector-wide approach or not, it would be advisable to establish, jointly with the national authorities, PSD/Competitiveness councils consisting of high-level representatives of all ministries possibly related to the sector. They would design policy to be implemented both with national funds and donor funds. In this context, it is emphasised that the evaluators do not know everything regarding the current institutional organisation surrounding PSD/Competitiveness programming. In those countries where comparable councils or committees have already been established, this recommendation would be void.

R02 The quality of future programming would benefit from a more transparent and explicit link with actual needs expressed in country strategies, as one of the important justifications for engaging in certain interventions. Although in most countries, the programming documents for PSD/Competitiveness do refer to needs formulated in national strategies, they often limit themselves to generalised statements instead of – for instance – reproducing the weaknesses in SWOT analyses and justifying why certain needs are, and others will not be covered. Such practice is expected to enhance ownership and to increase beneficiary involvement in interventions.

B. the cooperation with other actors in the field of enterprise development and innovation facility.

R03 In line with C19, C24 and C35 above, the evaluators recommend a more stringent enforcement of the conditionality of beneficiary involvement during and after an EU-funded intervention. This would require, in the first place, more prominently including it in financing agreements and following that, in

individual project or action fiches, along the lines as followed for budget support programmes. The ultimate sanction in those programmes is that tranches of EU financial support are withheld and this should also become practice in non-budget support. Project fiches/action fiches/action documents should contain a section on “inescapable” obligations of the recipient country, with clear description of sanctions, such as discontinuation of projects, temporisation of programming for future periods and even financial sanctions. The existing ROM system can be used for this without much change; ROM experts should be given the possibility to include proposed sanctions in their reports.

R04 The recently contracted “Evaluation of regional organisations in the Western Balkans” is a very promising initiative. The rationale behind it is that *“it is no longer sufficient that the Western Balkan countries organise meetings and discussions. They also need to ensure that each of the initiatives help them address specific problems which they could not have managed on their own”*. As such, the evaluation is expected to feed into the process of programming and implementation of regional programmes and perhaps – eventually – lead to (a) changes in roles of regional organisations/initiatives and (b) stronger focus of regional programmes on issues that cannot be tackled at the country level. For this reason, it is recommended to also launch such an investigation in the ENI East and ENI South regions.

C. the key policy priorities within the PSD/Competitiveness sector.

R05 It is recommended that ENI programming become more focused on all those interventions that have direct tangible effects on individual businesses. Legal, regulatory and fiscal modernisation are perhaps just as important but it could be maintained that in the ENI regions (without accession factors) this is mainly a task of the national authorities. Rapid effects can be “scored” by concentrating on the business sector and their immediate environment (BSOs, private consultants).

R06 It is recommended to investigate how the existing financial instruments can be “opened up” to micro enterprises with a need for micro loans. EFSE does something in this field, although 24-29% of micro loans go to private households for housing needs. ENI South has no comparable arrangement.

D. relevant practices on cross-cutting issues, such as environment & climate change and equal opportunities.

Based on the findings in this evaluation, the recommendation on cross-cutting issues is self-evident. Environment, climate change and gender equality are issues high on the EU’s agenda but do not always find their way to implementation. Two alternatives are recommended, that do not mutually exclude each other.

R07 The first one is to design, for each programming year and for each individual country, at least one project dealing with PSD/Competitiveness environmental issues, one with PSD/Competitiveness Climate Change issues and one project dedicated to women entrepreneurship or another aspect of gender equality. There are reasons to think that the best solution could be to have such projects at the regional level.

R08 The second alternative is to enforce the mainstreaming of cross-cutting issues in EU interventions, by introducing the institution of “environment, climate change and equal opportunities audits”, to be performed by an internal unit or external independent institution on all programming and procurement documents. This audit should also produce cross-cutting indicators to be used throughout implementation.

E. areas that do not require the involvement of EU assistance because they are well covered by other donors or require partial assistance to be coordinated with other donors present in the field.

R09 The answer to the related EQ was that in fact, there are in the PSD/Competitiveness sector no areas that can be deleted from EU support without damage. The “fundamentals first” approach in the 2014-2020 enlargement strategy has nevertheless succeeded in setting priority intervention areas that reduce the overall width of the programme. We recommend not changing this principle for the IPA region.

F. improvement of the monitoring and evaluation frameworks, namely with regards to appropriate indicators.

R10 Assuming that – as reported by DG NEAR – indicator systems for PSD/Competitiveness have substantially improved, it is recommended to thoroughly embed them in the roles of national authorities. The NIPAC system in IPA countries already provides for this, or so it is assumed. Such clear responsibilities are not yet attributed to national coordinating institutions in ENI countries. In line with recommendation R05, such monitoring (its quality, its frequency, its substance) should be made an obligatory condition in all financing agreements, with sanctions attached to it.

G. strengthened thematic support on economic governance/competitiveness through DG NEAR centres of expertise.

R11 As regards access to finance, it is recommended that the Commission undertake regular studies that inform these interventions, in terms of the needs for money, broken down for countries, types and sizes of funding instruments, priority sectors, types and sizes of individual companies most in need of external funding, repartition over (in-country) regions. This will have many positive effects, one of them being that regional funds (NIF, WB EDIF) are properly allocated to individual countries according to real needs.

R12 Also, on access to finance, it was concluded (section 5.3) that interventions have evolved over time into an unnecessarily complex system. There are (too) many separate schemes such as EFSE, WB EDIF, NIC, ENIF, ENEF, WeBSEFF I, WeBSEFF II, WeBSEDF, GGF, GGF TAF, GF, FEMIP, Flagships, European Western Balkans Joint Fund, REEPWB, and still several others. It remains the choice of the Commission whether or not to keep all these separate programmes, and whether or not to have agreements with each IFI separately. But the recommendation is to ensure that in each country, networks of their client banks are integrated, so that each micro, small and medium-sized entrepreneur (who typically does business with one bank in her/his village) has access to all instruments, not only to those that happen to be agreed with her/his bank.

H. other aspects of the PSD/Competitiveness sector.

Visibility is an always recurring issue in evaluations. Apart from the techniques of fostering visibility, the handicap is that a good definition of its objective is lacking. Should visibility actions lead to awareness of the general public of the positive contributions of the EU and if so, to what extent? Or should these actions contribute to better knowledge of policy makers in the field of intervention, or of the general principles the EU stands for? The current system asks contractors to “advertise” their project to the outside world, however, they are experts in their particular fields, not in marketing and PR. Only few of them hire separate short-term experts for these tasks. The recommendation, that may be at odds with the ENI and IPA implementing regulations as well as with the financial regulation, is as follows.

R13 Take 80% of the visibility budget from individual projects (20% is needed for a few direct project-related visibility actions) and organise visibility per country, where it counts most. This applies not only for PSD/Competitiveness, but for all sectors. The recommendation is to hire a professional organisation in the country that makes standard website designs for all projects, maintains them and – very importantly – ensures links between them. Currently, all websites look unlike each other and worse, they are not dismantled when projects are completed. The professional organisation will produce standard designs and formats of brochures, leaflets, training materials, press releases, to be used by all projects. It will establish and keep up-to-date address lists for distribution of visibility materials. It will organise press conferences, TV and radio interviews for the individual projects, based on its contacts with the media. One other task is to ensure that all technical reports (insofar as not confidential) are uploaded to one database, preferably regional. The experience of the evaluators is that many technical reports are distributed over limited number of persons/institutions, and are not easily available to other contractors. This leads to repetition of the same studies, the same TNAs, the same training programmes and the same presentations. Important savings can be made.

R14 Coordination and fine-tuning between regional and national programmes needs improvement, as concluded in this report (C03 and C07) but also acknowledged by the Commission Services themselves (see ToR section 2.4.1). This is most effective in the identification stage of the programme cycle, when all options are still open. It is recommended to divide the process into a few sequential steps, and to delineate the roles of the EU staff. Step one would be a three-day session of EUD task manager for PSD/Competitiveness and the manager of the regional PSD/Competitiveness programme at HQ, including thematic experts from other units. This would end up in a (non-exhaustive) definition of sub-areas the EU would and could spend money on in the upcoming programming period, for regional as well as national programmes. The second step is consultation, by the EUD task manager, of national authorities and a wide group of other national stakeholders. This would become a series of potential interventions in priority sub-areas according to evidenced needs in national strategies. Step three is the division of potential interventions over national and regional programme, according to the subsidiarity principle. It may be desirable to rubber-stamp the outcome during a programming session with national authorities and stakeholders. After this, the usual process of preparation of financing proposals, project/action fiches, annual programmes etc. ensues, with one important difference: the contacts and further consultations on both national and regional programmes are conducted by the EUD.

The evaluators realise that they tread on thin ice with this recommendation. Too little is known of the actual internal processes to judge whether this proposal does not conflict with long-established internal

procedures. Yet, elements of the recommendations may be introduced to ensure that regional and national programming becomes a joint process.

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Evaluation on support to SME Competitiveness in Enlargement and Neighbourhood Countries

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Annex 1 Sample projects

The evaluation has set out to scrutinise individual contracts rather than actions or projects consisting of more than one contract. This made it possible to select those contracts that fit the definition of the PSD/Competitiveness sector as given above, and eliminate “peripheral” activities. The plan was to select a maximum of 45 projects: 5 per selected country and 5 for each regional programme. The following sampling/filtering method has been used:

Filter one: projects/contracts under all multi-country programmes and the national programmes of selected countries only, as programmed for the years 2010-2015;

Filter two: only projects/contracts with a total value of MEURO 1 or more will be considered for the evaluation. Measurement of impact of smaller projects is a futile exercise;

Filter three: only projects/contracts that fit the sector definition as given in section 2.2 above;

Filter four: Highest preference for projects/contracts that have been completed followed by all those that are at least six months under implementation. Only for those projects/contracts, conclusions on efficiency, effectiveness, impact and sustainability can be based on concrete information. If this does not lead to the desired number of projects/contracts, an additional selection will be made of those that are still to be contracted;

Filter five: Projects/contracts that have a recent (less than three years old) ROM or mid-term evaluation report, or have already a final evaluation report available;

Filter six: The ToR require an additional filter, namely of contracts that experience difficulties in implementation or are considered to be particularly complex, as well as those perceived as success-stories.

The initial results of this process have been depicted in the inception report; subsequent adaptations appeared necessary as described in section 2.3.4 below.

Although selected in close consultation with the Commission Services (HQ and EUDs), some of the sample projects appeared either not to exist, or not to be relevant for this evaluation. This problem only surfaced when the team was working on the study of available documentation, so the changes were implemented relatively late in the project. Changes in the project samples for IPA Multi-Country, Armenia, Egypt and Moldova have been proposed by the evaluators in the desk phase report, and were accepted by the ISG on 9 September 2016.

For the process of sampling, reference is made to the Inception Report. Upon the start of the desk research, more detailed information on the sample projects became available. It was soon clear that several of the selected projects had no bearing upon the PSD/Competitiveness sector, while some others simply appeared not to exist. It is emphasised that both DG NEAR and the EUDs have validated the initial selection, either explicitly or implicitly by not “protesting”.

The resulting changes in the project sample are the following:

IPA MULTI

| Original | Comment | New |
|--|---------------------------------|--|
| 2009 – Regional entrepreneurial learning centre SEECEL | | 2009 – Regional entrepreneurial learning centre SEECEL |
| 2013 – SEECEL ISCED 2 level | | 2013 – SEECEL ISCED 2 level |
| 2013 – SEECEL ISCED 3 level | | 2013 – SEECEL ISCED 3 level |
| 2010 – Socio-economic partnership programmes | No documents found or received. | CARDS 2006; IPA 2008; 2009 and following years – European Fund for South-East Europe |
| 2010 – Socio-economic development in the Western Balkans | No documents found or received. | 2013 - Next Generation Competitiveness Initiative |

ARMENIA

| Original | Comment | New |
|--|--|---|
| 2010 – Support implementation of ENP action plan (BS) | No explicit PSD/Competitiveness elements found | none |
| 2010 – EU Advisory Group to the Republic of Armenia | Changed after advice from EUD | 2013 - Support to regional development in Armenia |
| 2011 – Support implementation of ENP action plan (BS) | Only IPR found as explicit PSD/Competitiveness element | 2011 – Strengthening the enforcement of IPR |
| 2014 – Support to SME development (grant scheme DM + TAIM GiZ) | Same project; slightly different title | 2014 – Support to SME development |
| 2014 – Support to SME development (AM/Equity/SBS) | Same project; slightly different title | 2014 – Armenian SME finance and advice facility |

EGYPT

| Original | Comment | New |
|---|---|--|
| Trade & Domestic Market Enhancement Programme (TDMEP) – TA to Ministry of Industry and Foreign Trade in areas of domestic market and industrial competitiveness | TDMEP stands for “Trade and Domestic Market Enhancement Programme”. This programme is implemented through (1) 2 service contracts (one focused on trade and export and a second one on industrial strategy and quality infrastructure) representing close to 70% of the available s budget; the remaining funds are spent on supply & equipment (20%), communication, M&E and operational costs. The sample initially selected was not as much modified, but clarified. The evaluation focused on the 2 service contracts and considered during fieldwork also the synergy between these contracts and the supply one | 2011 – TDMEP- TA in areas of foreign trade, export promotion, trade agreements |
| TA to the Ministry of Industry and Foreign Trade in areas of foreign trade, export promotion and trade agreements | | 2011 – TDMEP- TA in areas of industrial development and quality infrastructure |
| Research, Development and Innovation (RDI) Programme II - EU-Egypt Innovation Fund – Grant Scheme, numerous contracts | Same project; official title | 2011 – Research Development and Innovation Programme, Phase II |
| TA to accelerate key business environment reforms at the ERRADA (Egyptian Regulatory Reform and Development Activity coordinated at the Ministry of Trade and Industry) | This project, implemented in 2014-2015 was financed under DG NEAR's FWC and had a budget lower than 1 million, criterion used to select the sample for this evaluation. As it does not respect this criterion, it was deleted from the sample | |
| 2015 – Promoting inclusive economic growth in Egypt | Same project | 2015 – “Promoting inclusive economic growth in Egypt” Programme |

MOLDOVA

| Original | Comment | New |
|---|--|---|
| 2010 – Support to priority actions: PPP | PPP only related to public infrastructure; not relevant to PSD/Competitiveness | 2010 – ESRA: one-stop shops, credit lines SMEs, business incubators, industrial parks |
| 2010 – Support to implementation of DCFTA | No PSD/Competitiveness elements discovered | 2011 – Business development projects under Confidence Building Measures |
| 2012 – Support to PRDP | No PSD/Competitiveness elements discovered | |
| 2013 – Support to enforcement of IPR | Project is being procured; limited evaluability | 2013 – Support to enforcement of IPR |
| 2014 – Support to implementation of DCFTA | No PSD/Competitiveness elements discovered | 2015 – PAR: one-stop-shops for opening and closing business |

In addition to the above, it is interesting to note that the EUD in Sarajevo recently (February 2017) launched an invitation for a framework assignment to evaluate the project *IPA 2011 – Support to local economic development*, which is also part of the sample under the present evaluation. Against this background, it is not completely clear why this project was allowed to enter the sample.

IPA

Bosnia and Herzegovina

IPA 2009 – Business infrastructure - A technical assistance project with a budget of EUR 1.3 million that has run from November 2012 till November 2014; the main activities encompassed (1) the identification and selection of specific types of business infrastructure which are compatible with strategic and SME development priorities in BiH; (2) the preparation of feasibility and outline design studies for ten selected business support facilities; (3) capacity building at the local level for the creation of a more conducive environment for business support facility management. Beneficiaries of the project were the BiH Ministry of Foreign Trade and Economic Relations, the Federal Ministry of Development, Entrepreneurship and Crafts and the RS Ministry of Industry, Energy and Mining, while much of the work was carried out in and with selected municipalities.

IPA 2011 – Intellectual Property Rights - This technical assistance project started in January 2013 and was completed according to schedule in January 2015. The main beneficiary to the project was the Intellectual Property Institute of Bosnia and Herzegovina, located in Mostar. Other beneficiaries were the Ministry of Justice, Competition Council, Courts, Prosecutors, Police and regulatory agencies. The project activities were implemented under three components: (1) Strengthening capacities of IPR enforcement authorities in BiH; (2) Improving cooperation among institutions within the system of IPR enforcement and (3) raising social awareness on the importance of IPR protection and enforcement. The project budget amounted to EUR 1.45 million.

IPA 2011 – Capacity building for trade policies and analysis – This is an on-going technical assistance project, which started in September 2015 and is expected to be completed in May 2017. The Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina is the main and only beneficiary, although project activities include cooperation with other relevant authorities. The project is the third in a row of projects aimed at preparing BiH for multilateral trade agreements such as WTO and CEFTA. Component one works on Capacity Building in the SAA Implementation, which includes the drafting or re-drafting of crucial legislation. The second component, Capacity Building in the WTO Implementation, and the third one, Capacity Building in CEFTA and EFTA implementation, assist BiH authorities with their negotiations, as well as their participation in various subcommittees. Components four (Capacity Building in Statistics and Trade Analysis) and five (Capacity Building in Implementing Customs related Issues) are of a highly technical character, while component six (Capacity Building in Raising Public Awareness Strategy) is the only one directly aimed at the private sector. The budget for the project is EUR 1.5 million.

IPA 2011 – Support to local economic development - A grant scheme with an overall budget of EUR 3.0 million, implemented directly by the EUD in Sarajevo. The project has started with a call for proposals in mid-2013, leading to the conclusion of some 10-12 contracts with grantees. Eligible applicants were not-for-profit, non-government organisations, while grant projects should aim at accelerating the provision of support and facilities for SMEs and entrepreneurs such as the availability of good quality business support

and advice, improvement of business premises and other infrastructure for SMEs and creation of better environment for the development of the SME sector in general. All grant projects are still on-going. There are ROM reports available for several of the grant projects and the evaluation has mainly taken its information from those reports, since separate evaluation of small grant projects is clearly beyond the scope of the current exercise.

IPA 2013 – Support to SME Competitiveness – This is a contribution agreement of EUR 2.0 million with the EBRD, signed in December 2014 and running till December 2016. The project is different from “normal” TAM/BAS/EGD actions in that it puts great emphasis on improving BiH’s alignment with the SBA. For that reason, beneficiaries are first and foremost the Ministry of Foreign Trade and Economic Relations of BiH (MoFTER), the Ministry of Industry, Energy and Mining of Republika Srpska, the Federation Ministry of Development, Entrepreneurship and Craft and the Brčko District government. Final beneficiaries are SMEs and business advisory services providers in BiH. Components of the action are awareness raising and promotion of SBA principles amongst SMEs in BiH and other stakeholders, Exchange of best practice in SBA implementation through a “people to people” approach, Implementation of advisory services at enterprise level in order to demonstrate relevance and value of selected SBA principles for enterprise performance

Serbia

IPA 2010 - Integrated Innovation Support Programme - Purpose and components of the project are described in the table in section 4.2.7. The project was executed in the period October 2011-December 2013. Its main activities encompassed (1) creation of better linkages between business and innovation support organisations, (2) direct coaching of SMEs to encourage innovation, (3) developing innovation activities to the local level, (4) develop a national technology brokers programme, (5) increase the role of new equity-based financial instruments for SMEs, and (6) develop mezzanine financing for SMEs in partnerships with financial intermediaries

IPA 2011 – Regional Socio-Economic Development Programme II- This project was selected during the inception period since it appeared at first sight to be part of the overall EUR 18.5 million project “Socio economic development in the Danube Region” of 2011 (see table in section 4.2.7). Upon studying the relevant documents however, the project appears to be programmed already under the IPA 2007 national programme, which would disqualify it for this evaluation. The project documents were received late, well after the desk phase, so it was not possible anymore to exchange it for a more recent one. The project consisted of TA (EUR 5 million) and GS (EUR 10.8 million) and was implemented in the period June 2009 – September 2013. The overall objective of the project is to strengthen the capacities in Serbia for the design and implementation of a policy for balanced territorial socio-economic development aligned to EU accession requirements, while its purpose is to improve the capacities of the Regional Development Agencies (RDAs) and other regional and municipal stakeholders for regional development planning and implementation. Since no documentation on the individual grants was available, the evaluation concerns the TA project only. Beneficiaries/counterparts of the projects were the Ministry of Economy and Regional Development (now the Ministry of Regional Development and Local Self-Government), the Ministry of Finance, eight RDAs, municipalities, the National Agency for SMEs, the Standing Conference for Towns (SCTM), and the Serbian Investment and Export Promotion Agency (SIEPA). The A final report is available, providing sufficient information for the evaluation.

IPA 2011 – Enforcement of Intellectual Property Rights - The purpose of the project is described in the table above. It was executed by the European Patent Office (EPO) during the period February 2014-January 2016. Within the budget of EUR 2.8 million, EPO was expected to deliver (1) improved legislation for efficient administrative enforcement of IPR; (2) a strengthened Institutional structure with better capacities and good cooperation between the relevant authorities; (3) cooperation on IPR enforcement both within the Republic of Serbia and with the corresponding administrations in the EU member states; (4) a dedicated IPR enforcement information system in the Market Inspectorate and (5) better public awareness of enforcement of intellectual property rights. EPO worked in Serbia with the Ministry of Trade, Tourism and Telecommunications, the Intellectual Property Office, the Ministry of Interior (Police), the Ministry of Finance (Customs) and the State Prosecution Office. The project reports, including the final report, provide ample information for the evaluation.

2012 - Improving e-business environment - This TA project was part of the overall EUR 6.2 million project “Support to SME development”. It had a budget of EUR 2.4 million and was executed during the period May 2014 – November 2016. The purpose of the project was to strengthen the legal and institutional framework to alleviate remaining legal, regulatory and standardisation bottlenecks for a better e-Business environment in Serbia in order to facilitate the e-Commerce uptake by SMEs and consumers and to facilitate the creation of jobs and to increase trade competition in Serbia. The project worked with the Ministry of Trade, Tourism and Telecommunications and the Ministry of Economy as main beneficiaries

and with a large number of other Serbian beneficiaries, such as ministries, police, customs, consumer organisations, judges and prosecutors and the Serbian development agency RAS. A large number of SMEs were directly provided with training. There is –logically- no final report yet but the interim progress reports provide sufficient information for the evaluation.

IPA Regional (multi-beneficiary) programme

IPA 2009; 2013; 2013 - Regional entrepreneurial learning centre SEECEL - Since 2009, SEECEL has received three direct grants with a combined value of EUR 5,050,000 with the purpose to foster the entrepreneurial learning system at various educational levels, throughout the Western Balkans and Turkey. In addition, SEECEL has benefited from the WBIF through several grants (of around EUR 1.6 million in total) that finance the preparation of a feasibility study and designs for its new premises in Zagreb, complemented with assistance from a Croatian national IPA project for the adaptation of the feasibility study. Finally, SEECEL received ERDF funding of a building, furniture, IT and other equipment to an amount of approximately EUR 40 million. The 2009 grant project was completed in 2013; both other projects were completed by the end of 2016. The SEECEL projects have been thoroughly evaluated in 2012 and 2016 and it makes no sense do this work all over again. Findings in this report are based on those evaluations insofar as they answer the current evaluation questions. Additional information was retrieved through document research and interviews in the countries.

IPA 2006; 2008; 2009 – European Fund for South-East Europe (EFSE) - EFSE was established a decade ago as a result of a consolidation effort concerning the EU financing in the region going back to the late nineties when revolving loans were provided for reconstruction of destroyed houses and the creation of SMEs. These were at the time managed separately and came from individual country programmes. Consecutive agreements provided EIF with the mandate (trustee arrangements) to represent the Commission's interests in EFSE. Different sources give different amounts of the overall EU contributions to the fund and its management; it may be EUR 87 million but just as well EUR 189 million. A complicating factor is that several European donors (BMZ Germany, KfW Germany, ADA Austria, SDC Switzerland, EIB, EBRD) participate in the fund and that it is not always clear whether their participation is considered an EU contribution or not. Another complication is that EFSE was mandated in 2011 to also cover ENI EAST, but an exact split of EU contributions over the two regions is difficult to find.

EIF's trusteeship related to EFSE will apparently run till 2023, but what will then happen to the fund itself is not clearly defined. EFSE's specific objective is to attract private sector capital to the Fund and thereby leverage investments into the region for the development of the private sector, in particular, micro and small enterprises and housing. Its current investment portfolio stands at some EUR 950 million, which is impressive. EFSE produces annual reports for investors, elaborating on the financial position of the fund, and its risk exposure. Although they are bound to exist, no reports have reached the evaluators concerning the effects and impacts of the fund on the development of the private sector. As long as this remains the case, evaluation is an exercise in futility.

IPA 2013 – Next generation competitiveness Initiative - This is a direct grant governed by a contribution agreement with the OECD. Although OECD claims that the agreement was the result of a call for proposals, none of the official documents refer to this. The overall EU allocation to the project is EUR 4.9 million; it started in April 2013 and was completed –after a no-cost extension of 4 months- in April 2016. Two sets of activities have been carried out, namely (1) Strengthening the competitiveness of two (originally three) specific sectors and (2) Monitoring, evaluating and assessing the policy reforms and institutional settings which are necessary for meeting the commitments contained in the SEE 2020 Vision. The main vehicle for realising the outputs and results consisted of conferences, meetings, round tables and expert forums. Besides, OECD experts have provided technical assistance through analytical reports and the establishing of a monitoring system.

ENI EAST

Armenia

ENPI 2011 Strengthening the Enforcement of Intellectual Property Rights- This project is a small part of the EUR 24 million action "Support to the Government of Armenia for the implementation of the ENP Action Plan and preparations for the future Association Agreement-Phase II. The twinning project with a budget of EUR 1.1 million is one of the usual complementary actions, not falling under the allocation for budget support. Its aim was to help Armenia adopt and implement international best practices for strengthening the enforcement of intellectual property rights (IPR). The project started in August 2012 and was completed in December 2014, after an extension of 5 months. Denmark and Greece were the twinning partners and the main beneficiary was the Intellectual Property Agency of the Republic of Armenia. Other beneficiaries were the RA Police, the RA Custom Service, the RA prosecutors General Office, the RA Judiciary Department and the RA Ministry of Justice. The activities were organised under three components, namely (1) Strengthening the IPR Enforcement Infrastructure in the Republic of

Armenia, (2) Strengthening the IPR Enforcement Capacity of the main stakeholders and (3) Awareness raising on IPR Enforcement.

ENPI 2013 - Support to regional development in Armenia – This is a combination of a grant scheme and a service contract. The grant scheme of EUR 7 million finances a number of pilot projects that support SME sector development, information technologies development, innovation, R&D, tourism development, agriculture and food-processing development, renewable energy, environmental services.

The technical assistance (EUR 2 million plus 2 million extension) is divided over three components, namely: (1) Management and Development of Regional Development Action Plan; (2) Regional Development Funding (and Mechanisms); (3) Delivery of a Grant Scheme for Regional Development Projects. The commencement date of the technical assistance project was September 2013, while its completion was foreseen for August 2015. The project had to be extended mainly due to the fact that the financing/contracting of the TA and the grant scheme were out of phase. The completion date is now set at August 2017. The grant scheme was launched in September 2015; 7 grant applications were preliminarily selected for contracting in May 2016; contract signing has probably taken place in September 2016; final completion dates for individual grant projects is August 2018.

ENPI 2014 Support to SME Development in Armenia - This project is implemented under a delegation agreement with GiZ and encompasses technical assistance, facilitation of policy dialogue and provision of grants to business associations and to innovative start-up/existing businesses, and complete financial management. The EU allocation is EUR 6.4 million, while the German bilateral programme BMZ contributes EUR 131,000. The project is a novelty, in that it actually contracts out a large part of PSD/Competitiveness-related interventions to one external organisation, thus alleviating (actually eliminating) the workload of the EUD in terms of procurement, contracting, management and monitoring. In fact, this is a complex programme, consisting of many separate projects, result-based components, activities and sub-activities. One of the interesting features is that GiZ will launch action grants for (a) the “organised private sector” and (b) innovative (start-up) companies. The documentation seems to indicate that around EUR 1.7 million will be allocated to these grants. The evaluation of this project has encountered severe limitations; design documentation is available but for some reason, responsible authorities have not felt the need to provide implementation reports. Interviews at location have helped some, but the bottom line is that judgments are possible only for relevance and –to limited extent- effectiveness.

ENPI 2014 Armenian SME finance and advice facility - This project is financed under the Neighbourhood Investment Facility (NIF) and probably belongs under the regional ENI programme. On the other hand, it is part of the Single Support Framework 2014-2020 for Armenia, otherwise a completely new notion in the world of ENI programming. With a budget of over EUR 15 million, the project has been awarded to the EBRD. Under the EUR 11 million SME finance facility, EBRD sets out to develop and implement two financial instruments, namely the Armenian Private Equity Fund and the Armenia Risk Sharing Facility. The EUR 4 million SME Advice Facility is a continuation of the EBRD’s small business support programme that is currently financed under the regional programme, but will soon come to an end. It has some additional features, such as capacity building to achieve sustainable local SME networks, providing for systematic training of business consultants and for a set of events to disseminate sector and management best practices. It is unfortunate that none of the available documents indicate whether and if so, when the project has started, and what is its current status. As for the GiZ project, judgments are possible only for relevance and –to limited extent- effectiveness.

Moldova

ENPI 2010 - Economic Stimulation in Rural Areas – This was a large EUR 45 million budget support project, with accompanying measures. The operations financed through budget support have little to do with PSD/Competitiveness support and are therefore scarcely relevant for the evaluation. The focus of the evaluators was on the project “Technical Assistance to Sector Budget Support on Economic Stimulation in Rural Areas (ESRA)” which according to the design documents would have contributed to (a) reduction of the administrative burden of starting and doing business by creating one-stop shops at the State Registration Chamber and simplifying licence procedures; (b) capitalisation of credit lines to stimulate the competitiveness of producers and (potential) exporters in rural areas; (c) providing financing for the purchase of equipment by SMEs through existing credit lines financed by Japan and the EU (2KR) and World Bank (RISP); (d) creating a network of business incubators and industrial parks.

Primary beneficiaries of the project were the Ministry of Economy, the Ministry of Agriculture and Food Industries and the Ministry of Finance. Secondary beneficiaries were selected institutions and organisations involved in economic stimulation in rural areas. The above-mentioned TA contract (EUR 3.0 million) covered all accompanying measures of the budget support programme. It started in December 2011 and was completed in May 2015.

ENPI 2011 – Business development projects under Confidence Building Measures– The overall CBM project was executed under a direct grant contract with UNDP and had a budget of around EUR 18.0 million. It started in September 2012 and was completed in August 2015. The focus of the evaluation has been on a few specific PSD/Competitiveness related activities of the project, namely (under component II - support to local development through cooperation; EUR 10.6 million) the promotion and strengthening of cross-river partnerships through business development activities, such as establishment of an enterprise support centre annex incubator, a business school, certification of business consultants, capacity building for specialized business consultants from banks and establishment of a microfinance facility for SMEs. Some EUR 2.5 million was earmarked for these activities. Evaluation has been cumbersome. Two documents only have been made available, namely the Action Fiche and the 2nd progress report covering March till November 2013. Fortunately, the evaluators managed to interview UNDP staff in Moldova, which has shed some, but not all necessary light on the project performance. To their surprise, the evaluators learned during the interview with the contractor that a project evaluation was commissioned in 2015 by the EUD; the report was not shared with the evaluators.

ENPI 2013 – Intellectual property rights – There is, in the Action Fiche 2013 for the Framework Programme in support of EU – Republic of Moldova agreements, under Comp 1 Comprehensive Institution Building (CIB), sub-component Ic: CIB – Preparing the Republic of Moldova in view of a possible DCFTA with the EU, mention of a possible activity related to IPR. This has triggered the selection of this project for the sample within this evaluation. The AF further intimates that the IPR project will be executed under a twinning agreement. For the rest, no information is available. Acknowledging that the EUD Moldova has duly informed the evaluators that the project is still in its tendering phase, the idea was that by the end of the desk phase, pertinent information would be available. This is not the case, which renders evaluation of this project fruitless. It will therefore not be included in Chapter 4 – Evaluation Findings.

ENI 2015 – One-stop-shop for opening and closing business under PAR– This is a second mistake in the selection of sample projects, for which the evaluators accept the blame. The 2015 Action Document on PAR (budget EUR 20 million) tells us that out of the list of 585 public services identified, four are considered as critical by the Government of Moldova and will be supported under this action. One of them is titled “Opening and Closing a Business (one-stop shop for Opening and Closing Business related services)”. This is further elaborated under Component 1 of the action: Horizontal Public Administration Reform process. A call for tender is announced regarding the re-engineering of selected public services delivery, which is bound to be a service contract encompassing more than the on-stop-shop alone. The call would be launched second trimester 2016, which has actually been the case. Consequently, all information is currently confidential and cannot be disbursed by the EUD. Bottom line is that evaluation is impossible and that this project will not feature in Chapter 4 – Evaluation Findings.

Regional programme EAST

ENPI 2009 - European Fund for South-East Europe (EFSE) – After half a decade of working exclusively for the IPA region, EFSE’s mandate was extended in 2011 to the Eastern neighbourhood. For further details, please see section 4.4.1 below. Like for the IPA region the evaluators welcome EFSE’s annual reports for investors, elaborating on the financial position of the fund, and its risk exposure. Yet, the non-availability of documents concerning the effects and impacts of the fund on the development of the private sector renders the evaluation of this project an exercise in futility.

ENPI 2010 - SME finance facility – The 2010 Eastern Partnership SME Finance Facility is implemented through two contribution agreements; one with EBRD and KfW for an amount of EUR 10.2 million, one with the EIB for EUR 5.1 million. The agreement for the EBRD/KfW window was signed in December 2010 and implementation started immediately upon that. The agreed completion date is 108 months after the start, being 31 December 2019. The EIB Window runs for a period of 10 years, from January 2011 till 31 December 2020. Despite the existence of two agreements, this is a tripartite action under EBRD as the lead bank. The basic objective of the project is to increase the availability of funding for SMEs in the region, and to play a role in restoring the involvement of local banks in financing of SMEs. There are slight differences between the two windows: EBRD/KfW will utilise at maximum 90% of the budget for risk sharing, and the remaining 10% for technical assistance. The EIB uses 90% of the budget for interest subsidies and/or partial loss-absorption cushion and the remainder for technical assistance. Annual progress reports are available but do not give insight in performance, other than financial.

ENPI 2012 SBS I – Implementation of EBRD SBS programme – EGP and BAS - This project was financed under the NIF by the 2011 EaP regional programme; it has a budget of EUR 7.7 million, has started in January 2011 and was completed in December 2015. The project built upon an earlier EBRD project “implementation of the TAM-BAS Programme in the countries of the Eastern Partnership” and overlapped with it in time until late 2013. There are additional features to a “normal” TAM/BAS project;

EGP EGP aims to prepare companies for investment, by helping them become more creditworthy and, therefore, more bankable. The programme utilises international advisors for the assistance to client companies. In addition, the SBS activities seek to promote gender equality, regional development, and improvements in the business environment through policy dialogue with the local authorities.

ENPI 2013 - Supporting SME policy reforms in the Eastern Partner Countries- This project of EUR 2.5 million was implemented under a contribution agreement with OECD, from November 2013 till December 2016 (after a two-month extension). It aimed at (1) assisting EaP countries in the implementation of policy reforms in order to help them implement the Small Business Act for Europe; (2) increasing government responsiveness to SME needs and facilitate improved public private dialogue at national level; (3) strengthening policy dialogue on SME competitiveness in the EaP region; and increasing co-operation between SME stakeholders from the EaP region. Key activities performed during its three years of operation were (in random order) competitiveness roundtables, peer reviews, meetings of working groups and steering groups as platforms for public-private dialogue and inter-ministerial consultation, drafting of reform action plans, drafting of recommendations for SME development strategies, expert seminars, coaching of policy makers, monitoring of progress in SBE implementation. High-level participation of EaP country authorities was often ensured.

An avalanche of design and contracting documents (concept notes, project proposals, DoAs, special conditions, addenda, budgets...) has reached the evaluators, practically all undated and each one slightly different from the other, so that it is a challenge to understand which are the valid ones. On the contrary, only one single implementation report was received, covering the period November 2014 – October 2015. The lack of data is reflected in the evaluation findings.

ENI SOUTH

Algeria

DIVECO I

Although programming year is earlier than 2010, this project is considered in result of the specific request received from the EUD in Algeria during the inception phase, regarding the sample projects to be analysed in this country. The project was implemented from 11 January 2011 to 29 March 2015, over a period of 51 months. Its main activities were structured along the following components (1) Inter-sectorial, (2) Agriculture, (3) Agro-food, (4) Tourism, (5) Support. A total of 27 different activities is considered.

P3A III (ALGEX)

The twinning contract was notified on 03/04/2014. The project considers a total of 22 activities along 4 main axes: (1) Economic vigilance, (2) Enterprises detection, follow-up and monitoring, (3) External communication, (4) Internal organisation and communication.

The documents made available to the evaluation team are the twinning contract, the monitoring report and the 6th quarterly report. The closing ceremony of this project took place on 25/04/2016, of which a synthesis may be found at Algex's Website¹.

P3A III (Stratégie d'Innovation Industrielle)

The beneficiary Institution is the Algerian Ministry of Industry and Mining (MIM). The twinning's expected results are: (1) MIM's industrial innovation strategy and its regulatory framework are developed; (2) Studies, notes and strategic analyses are carried out per international standards; (3) Industrial clusters (Pôles Industriels) are deployed as a tool for territorial economic development; (4) The competences of MIM managers, support networks and economic operators are strengthened on innovation issues. A total of 28 activities, of which 2 of supporting character, is planned.

The twinning is agreed to last 24 months and has a budget of 1.45 M€.

Only the (yet unsigned) twinning contract was made available to the evaluation team. The project had not started in terms of field implementation at the time when desk and field evaluation activities were carried out.

PME II (multiple contracts)

¹ <http://www.algex.dz/index.php/blog-export/item/692-clôture-du-programme-de-jumelage-p3a-algex-business-france-avantageaustria>.

Three Technical Assistance (TA) contracts were proposed by the EUD in Algeria for evaluation within this assignment:

- Support to SMEs: 10 M€, 30 months.
- Quality component: 6,4 M€, 27 months (not considered within the scope of this evaluation as it does not fall into the PSD concept that is being used. It is however sometimes mentioned in this datasheet for reasons of context).
- Institutional development: 4.2 M€, 24 months.

All three TA contracts were signed on February 2012.

Several documents were made available to the team, including all 3 TA contracts and respective Annexes, multiple monitoring and the final evaluation reports and a summary of the results achieved.

In terms of most significant results, and in what concerns PSD as defined for the purposes of this evaluation, the following deserve being mentioned:

- 339 SMEs, 6 professional associations and 1 employers' organisation were assisted;
- 2,100 persons were trained;
- 22 studies were carried out;
- 13 guides were produced;
- study trips, involving 60 participants, were organised.

TDMEP - TA to the Ministry of Industry and Foreign Trade in areas of foreign trade, export promotion and trade agreements (TDMEP-T)

Purpose: The project assists the Ministry of Trade and Industry in Egypt in the implementation of trade related reforms that will increase Egypt's benefit from international trade policy and agreements for trade liberalisation, especially towards the EU market.

The activities foreseen (i.e. 35 activities as per Inception Report) are a combination of technical advice, capacity-building and institutional development for Ministry departments and agencies (Minister's Office, the Trade Agreement Sector (TAS), the Foreign Trade Sector (FTS), the Egyptian Commercial Service (ECS), the General Organization for Export and Import Control (GOEIC) etc.), as well as for the private sector and its representatives (Federation of Egyptian Industries (FEI), the Federation of Chambers of Commerce (FEDCoC) etc.

The project focuses on improving rules and procedures relating to foreign trade implementing agencies on import/export law, IPR law, trade remedies, procedures, etc., improving the Ministry's capacity to negotiate trade agreements and analyse legal, environmental and trade implications of international agreements; improving enforcement of Intellectual Property Rights and the Ministry's policy and strategic design, development, implementation and monitoring capacity in the foreign trade area.

Implementation: The project is implemented through a service contract under the wider TDMEP ("Trade and Domestic Market Enhancement Programme"), as the following project. Further than the two service contracts, a supply contract was foreseen under TDMEP, as well as communication and dissemination and M&E activities.

TDMEP – TA to Ministry of Industry and Foreign Trade in areas of domestic market and industrial competitiveness (TA-I)

Purpose: The specific objective of the Trade and Domestic Market Enhancement Programme is to implement trade and domestic market related reforms that will foster industrial development; in particular, to improve the quality infrastructure necessary for trade liberalisation, especially towards the EU market.

The type of tools used to deliver the project is represented by technical assistance in the form of expertise, studies, seminars, workshops, roundtables, conferences, study visits and internships. As per its specific objective, the project has a strong focus on quality infrastructure but also on strategic planning as one of the first activities implemented was the elaboration of Egypt's Industrial Development Strategy 2016-2020 and of the Regulatory Reform Strategy. In the framework of the project further actions are undertaken to support the MIT with the implementation of these strategies, as well as to directly support SMEs through business development service packages in line with the existing SME Strategy/programmes and the approach proposed under the Industrial Strategy 2016-2020. Policy

Advice/ Technical Assistance/ Capacity building to support strategic decision making process in the Ministry of Industry of Trade is also made available, on a demand-driven basis.

Implementation: The project is implemented through a service contract under the wider TDMEP (“Trade and Domestic Market Enhancement Programme”), as the previous project. Further than the two service contracts, a supply contract was foreseen under TDMEP, as well as communication and dissemination and M&E activities.

Research, Development and Innovation Programme phase II2

Purpose: The project is the follow-up of a similar programme (RDI I) and aims to support the Egyptian Government to move towards a knowledge based economy through the strengthening of the Innovation Support Unit which administers the Egypt Innovation Fund (Component 1); the establishment of a research networking unit responsible with support to researchers, identification of sources of funding and integration of Egypt researchers in the European Research Area and MPC network (component 2); upgrading research capabilities in existing centres of excellence.

Implementation: The project is implemented mainly through grants (including under the Innovation Fund II) and service contracts.

Promoting Inclusive Economic Growth in Egypt3

Purpose: A programme with a budget of 16 M€ (out of which 15 M€ from EU contribution), focused on 2 major components (MSMEs and tourism), with TA contracts and grant schemes as implementation modalities:

- Component 1: the capacities to promote an inclusive economic growth are promoted
- Component 2: more inclusive socioeconomic development is achieved in selected sub-sectors of the economy and/or specific locations.

Implementation:

Component 1:

- Procurement (direct management) – Call for tenders: Institutional and Capacity Building (MSMEs) 2.5 M€
- Procurement (direct management) – Call for tenders: Institutional and Capacity Building (Heritage and Tourism) 1.5 M€

Component 2:

- Grants on MSME development (direct management) 5 M€
- Grants on Heritage and Tourism development (direct management) 5 M€

Regional programme

SANAD

Project objectives: The project aims to foster employment creation, especially among the youth, and economic development in the MENA region through the sustainable provision of finance to MSMEs via qualified and eligible local financial intermediaries. It is operating in Egypt, Jordan, Lebanon, Morocco, the Palestinian Territories and Tunisia. Algeria, Iraq, Syria and Yemen are also eligible, but for a variety of reasons SANAD has currently no activities there except limited TA in Iraq and Yemen. It also aims to foster employment creation, especially among the youth, and economic development in the MENA region through the sustainable provision of finance to MSMEs via qualified and eligible local financial intermediaries. EU funding 10.24 M€.

Implementation: Contractor Signature Date 11/08/2011. Final Date for Implementation 31/12/2026.

Preparation Framework to fast-start EBRD support

Purpose: The NIF contribution allows the EBRD to prepare investment operations in countries of the Southern and Eastern Mediterranean. The NIF finances technical assistance for the preparation of investment projects in the following priority sectors:

² The findings and evidences presented in the report refer to RDI II as a programme.

³ The findings and evidences presented in the report refer only to the MSME-related activities.

- Modernisation of the agribusiness value chain to improve food security, enhancing the efficiency of farming techniques including water usage, strengthening the distribution chain, and developing this sector that accounts for a high share of the country's employment;
- Modernisation of the financial sector so as it can contribute to support economic growth;
- Increase of the role of clean sources of energy and improvement of energy efficiency so as to improve energy security and enhance economic competitiveness with a cleaner environment;
- Mobilisation of private sector power, energy and transport infrastructure investment that will accelerate economic development;
- Decentralisation of municipal infrastructure development in order to improve the quality of urban public services.

Total facility contribution 15 M€. Total budget: 15 M€.

Implementation: Contract signed on 28 November 2011. Approved by the Board of the NIF on the 15th November 2012. Geographical coverage was initially Morocco, Tunisia and Egypt, having been expanded to Jordan by Addendum number 1. Implementation period: 36 months, starting on 09/11/2011, extended by Addendum number 2 to 72 months and 18 days.

EuroMed Invest

Purpose: The project complements and contributes to current actions funded by the EU and other donors, with the main purpose of fostering the development of a conducive business environment, developing quality Euro-Mediterranean networks providing adequate support and services for investing SMEs and to demonstrate the potential of cultural and creative industries in promoting inclusive growth. EU funding 5 M€.

Implementation: Contract number: ENPI/2013/331-180. Implementation period: December 2013 to December 2016.

Euro-Med TIFM

Purpose: The general objective is to facilitate closer economic ties between the EU and South Mediterranean countries as well as to improve economic integration between these countries. The specific objective of the Action is the development and opening to the public of the Euro-Med "TIFM" on-line information service and associated help-desk. Maximum EU financing of 1,534,056 € (98% of eligible costs of 1,565,364 €).

Implementation: Grant contract signed with the International Trade Centre (ITC) on December 2013. Total implementation period 36 months.

EBESM

Purpose: To contribute to the improvement of the business enabling environment for Micro, Small and Medium Enterprises (MSME) in the ENP-South region in line with EU best practices through the strengthening of the technical expertise and capacity of targeted public and private stakeholders. Additionally, the project aims at raising awareness and strengthening the policy dialogue around MSME development issues, including access to finance, in particular to give greater attention to SMEs as creators of employment. This is expected to expand the private sector in the region through the development of more robust, inclusive and sustainable growth. Total budget 2,979,850 €, fully financed by the EU.

Implementation: The Project was initiated in January 2014 and is planned to end on 31 January 2017. The Project is based in GIZ IS offices in Brussels with activities implemented throughout the ENP South Region and in the EU.

Annex 2 Country selection

A method for selecting the countries to be studied was proposed in the inception phase, and agreed with the contracting authority through the approval of the inception report in May 2016. The following filtering method is used:

Filter 1: No countries in conflict, or with suspended EU programmes or without PSD/Competitiveness interventions in the reference period 2010-2015. This would eliminate Syria, Libya, Israel, Palestine and Russia, and potentially also the Ukraine, although there are other good arguments to include the latter into the evaluation, which would justify considering Ukraine's regions under total Government's control and not affected by conflict.

Result: Syria, Libya, Israel, Palestine and Russia excluded; decision on Ukraine pending; 18-19 countries remaining.

Filter 2: Date of latest PSD-related evaluation at country level, leading to an inverted ranking^{*)} (i.e. less recently evaluated countries would rank higher) of countries separately for the ENI South, ENI East and IPA regions.

*) Throughout the tables below, a ranking of 1 is considered high, and of 4 is considered low.

ENPI/ENI South

| Country | Latest available evaluation PSD/Competitiveness | Rank |
|---|--|------|
| Algeria | None found | 1.0 |
| Egypt | Evaluation of European Commission's Support with Egypt Country level Evaluation, December 2010 | 1.0 |
| Jordan | Evaluation of the European Union's Cooperation with the Hashemite Kingdom of Jordan - Country Level Evaluation, February 2015 Better work Jordan - Phase I - Final Evaluation, September 2013 | 3.5 |
| Lebanon | None found | 1.0 |
| Morocco | Evaluation of the Improving Business Climate in Morocco (IBCM) and Assessment of the Business Enabling Environment in Morocco, 2011 Evaluation of budget support operations, 2014 | 2.0 |
| Tunisia | Evaluation of European Commission budget support operations in Tunisia between 1996 and 2008, March 2011 Are Export Support Programmes Effective? Evidence from Tunisia, December 2011 Interest subsidy on the EIB loan for the environmental upgrading factories GCT- Mid-term evaluation, 2013 PEE (Energy and Environment Programme)- Mid-term evaluation, 2013 Evaluation of PMI, 20?? | 2.5 |
| Filtering method: evaluations 2015 ranked 4; 2014 and 2013 ranked 3; 2012 and 2011 ranked 2; 2010 and older ranked 1. The three highest ranking countries (starting with 1) are retained for potential inclusion. | | |
| Result: Algeria, Egypt and Lebanon preliminarily selected. | | |

ENPI/ENI East

| Country | Latest available evaluation PSD/Competitiveness | Rank |
|---------|--|------|
| Armenia | Tourism Industry in Armenia: Evaluation and Perspectives, January 2016 Evaluation of the competitiveness of business entrepreneurship and environment of Armenia, July 2015 Black Sea Trade and Development Bank, Armenia Country Strategy 2015- | 4.0 |

| Country | Latest available evaluation PSD/Competitiveness | Rank |
|---|---|------|
| | 2018, with ex-post evaluation 2011-2014, April 2015 | |
| Azerbaijan | Evaluation/Assessment of Enterprise Development and Training Programme in Azerbaijan, 2012 Final Performance Evaluation of the Azerbaijan Competitiveness and Trade Project, 2013 Final evaluation of the United Nations Development Assistance Framework (2011-2015), 2014 A full country evaluation is planned to be launched in 2016 by DG NEAR | 4.0 |
| Belarus | Evaluation of the ECE studies on procedural and regulatory barriers to trade in countries with economies in transition: Belarus, Kazakhstan and Tajikistan, 2015 An economy with unrealistic indicators: an evaluation of the economic situation in Belarus and a forecast for 2013, 2013 Evaluations of sustainable development projects and their impact on environmental decision-making in Belarus within the period of 1991-2006, March 2008 | 2.5 |
| Georgia | Evaluation of the European Union's co-operation with Georgia (2007-2013), May 2015 | 4.0 |
| Moldova | Evaluation of the European Commission's support to the Republic of Moldova, November 2007 Taking stock and evaluation of financial assistance granted to Moldova by the EU, 2010 Evaluation of the USAID/Moldova Competitiveness Enhancement and Enterprise Development (CEED) Project, 2007 | 1.0 |
| Ukraine | Evaluation of Budget Support Operations in Ukraine, September 2014 Evaluation of the past and preparation of the future EU-funded co-operation in the area of financial services, assessment of the current developments in the Ukrainian financial services sector, 2013 Evaluation of the past and preparation of the future EU-funded co-operation in the area of research and innovations, 2014 Evaluation on Economic Governance (on-going) | 3.5 |
| Filtering method: evaluations 2015 ranked 4; 2014 and 2013 ranked 3; 2012 and 2011 ranked 2; 2010 and older ranked 1. The three highest ranking countries (starting with 1) are retained for potential inclusion. | | |
| Result: Armenia*), Belarus, Moldova preliminarily selected. | | |

*) Despite a low ranking, Armenia was selected at the request of DG NEAR to bring balance in the characteristics of countries to be evaluated. Armenia does not have DCFTA yet shows good engagement in the national and regional projects within the Neighbourhood East region. Furthermore, Armenia considers PSD/Competitiveness crucial for its further development. Finally, although recent evaluations are indeed available, they do not or insufficiently cover PSD/Competitiveness.

IPA/Accession countries

| Country | Latest available evaluations PSD/Competitiveness | Rank |
|---------|---|------|
| Albania | Final evaluation of Regional Development Programme Northern Albania, February 2015 Third interim evaluation of IPA assistance, April 2014 Under preparation: self-evaluation on PSD in a manner that is complementary to the HQ-initiated evaluation - 2016 | 3.5 |

| Country | Latest available evaluations PSD/Competitiveness | Rank |
|---|--|------|
| BIH | Self-evaluation of the IPA assistance to Regional Economic, SME and Tourism development, September 2013 Third interim evaluation of IPA assistance, April 2014 | 2.5 |
| FYROM | USAID Macedonia Competitiveness Project Evaluation, May 2010 Third interim evaluation of IPA assistance, April 2014 Ex-ante evaluation on PSD August 2014 Sector Report May 2014 | 2.5 |
| Kosovo ⁴ | Mid-term evaluation of the Kosovo Private Enterprise Program, September 2011 Assessment of the Kosovo Innovation System, March 2013 Third interim evaluation of IPA assistance, April 2014 | 2.5 |
| Montenegro | Ex-ante evaluation of IPA II 2015-2020 in the sectors of Environment and Climate Action, Transport, Competitiveness and Innovation and Education, Employment and Social Policies, December 2015 Third interim evaluation of IPA assistance, April 2014 | 3.0 |
| Serbia | Evaluation of effectiveness and efficiency of development assistance to the Republic of Serbia per sector, 2013 Evaluation of the competitiveness and the business environment in Serbia, 2011 Evaluation of the Competitiveness sector implemented and financed by IPA Programme and other Donors in the Republic of Serbia, October 2013 Evaluation report of IPA programmes and other donors in Serbia, October 2013 Third interim evaluation of IPA assistance, April 2014 | 2.0 |
| Turkey | Evaluation of European Commission Support to Private Sector Development in Turkey; November 2013 Third interim evaluation of IPA assistance, April 2014 | 3.0 |
| Filtering method: evaluations 2015 ranked 4; 2014 and 2013 ranked 3; 2012 and 2011 ranked 2; 2010 and older ranked 1. The three highest ranking countries (starting with 1) are retained for potential inclusion. | | |
| Result: BIH, former Yugoslav Republic of Macedonia, Kosovo and Serbia preliminarily selected. | | |

Filter 3: The volume of the PSD/Competitiveness programme in terms of number of interventions/contracts and in terms of financial allocations. At this moment, this is a rather imprecise exercise, since it is based on the population of projects/contracts identified during the Inception Phase (see Annex V and VI). Sources of information have been publicly available programming and implementing documents, as well as inputs and corrections received from the Commission Services.

ENPI/ENI South

| Country | PSD contracts | Rank |
|---------|---|------|
| Algeria | 6 projects/contracts were found, with a total allocation of MEUR 35.9 | 2 |
| Egypt | 7 projects/contracts were found, with a total allocation of MEUR 87.7 | 1 |

⁴ This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

| | | |
|---------|--|---|
| Lebanon | 1 project/contract was found, with a total allocation of MEUR 12.0 | 3 |
|---------|--|---|

ENPI/ENI East

| Country | PSD contracts | Rank |
|---------|---|------|
| Belarus | 6 projects/contracts were found, with a total allocation of MEUR 17.4 | 3 |
| Moldova | 12 projects/contracts were found, with a total allocation of MEUR 113.2 | 1 |

IPA/Accession countries

| Country | PSD contracts | Rank |
|---------|--|------|
| BIH | 13 projects/contracts were found, with a total allocation of MEUR 35.5 | 2 |
| FYROM | 17 projects/contracts were found, with a total allocation of MEUR 23.6 | 4 |
| Kosovo | 6 projects/contracts were found, with a total allocation of MEUR 48.0 | 1 |
| Serbia | 5 projects/contracts were found, with a total allocation of MEUR 35.5 | 3 |

The filtering process leads to the following selection of countries:

- In the ENPI/ENI South Region: Algeria and Egypt;
- In the ENPI/ENI East Region: Armenia and Moldova;
- In the IPA region: Bosnia and Herzegovina and Serbia^{*)}.

^{*)} Serbia receives priority over Kosovo in order to include a country where accession negotiations have started.

Annex 3 EU policy Context

European policy relevant for the evaluation consists of the combination of policies and strategies designed for PSD/Competitiveness development within and outside the EU, and the specific strategies for Enlargement and the European Neighbourhood.

The document "Europe 2020 - A strategy for smart, sustainable and inclusive growth" (Communication from the Commission dated 3 March 2010) sets out a vision of Europe's social market economy for the 21st century. Three priorities were identified, namely

- Smart growth: developing an economy based on knowledge and innovation;
- Sustainable growth: promoting a more resource efficient, greener and more competitive economy;
- Inclusive growth: fostering a high-employment economy delivering social and territorial cohesion.

The strategy puts forward seven so-called Flagship Initiatives, two of which are covering the PSD/Competitiveness sector. They are:

- "Innovation Union" to improve framework conditions and access to finance for research and innovation so as to ensure that innovative ideas can be turned into products and services that create growth and jobs;

and

- An "industrial policy for the globalisation era" to improve the business environment, notably for SMEs, and to support the development of a strong and sustainable industrial base able to compete globally

The Europe 2020 strategy is designed to be implemented by and for the Member States. Yet, its principles are echoed in the strategies for cooperation with accession and neighbourhood countries.

Of particular importance is the Small Business Act of June 2008. It is based on ten key principles and a number of concrete actions. The main focus was, and remains, structured around three areas: ensuring access to finance, taking full advantage of the Single Market and smart regulation. The ten principles to guide the conception and implementation of policies both at EU and Member State level are:

- I Create an environment in which entrepreneurs and family businesses can thrive and entrepreneurship is rewarded
- II Ensure that honest entrepreneurs who have faced bankruptcy quickly get a second chance
- III Design rules according to the "Think Small First" principle
- IV Make public administrations responsive to SMEs' needs
- V Adapt public policy tools to SME needs: facilitate SMEs' participation in public procurement and better use State Aid possibilities for SMEs
- VI Facilitate SMEs' access to finance and develop a legal and business environment supportive to timely payments in commercial transactions
- VII Help SMEs to benefit more from the opportunities offered by the Single Market
- VIII Promote the upgrading of skills in SMEs and all forms of innovation
- IX Enable SMEs to turn environmental challenges into opportunities
- X Encourage and support SMEs to benefit from the growth of markets

The evaluators have used as a reference the Communication from the Commission to the European Parliament and the Council on the Enlargement Strategy and Main Challenges 2010-2011, dating back to November 2010. This strategic document is believed to cover many of the programming efforts in the period under evaluation, with the exception of the years 2014 and 2015, for which reference is made to the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee on the Regions, on the EU Enlargement Strategy, dated November 2015. Relevant texts from the documents are copied below.

Commission communication on private sector development

This communication puts further emphasis on the importance of the private sector for economic development. The expansion of the private sector, particularly micro-, small and medium-sized enterprises (MSMEs) is a powerful engine of economic growth and the main source of job creation. The

private sector provides some 90 percent of jobs in developing countries, making it an essential partner in the fight against poverty. It is also needed as an investor in sustainable agricultural production if the world is to meet the challenge of feeding 9 billion people by 2050. And through innovation and investment in low-carbon and resource-efficient solutions, it will have a major role to play in the transformation towards an inclusive green economy.

Yet, the private sector in developing countries often faces a formidable range of obstacles compared to their rivals in other emerging markets: widespread and rising informality, lack of access to finance especially for the “missing middle” of medium-size enterprises, weak inter-firm linkages and regional economic integration, lack of export competitiveness, complexity of registering business and taxation, infrastructure shortages, a spluttering electricity supply, legal uncertainty and corruption.

EU assistance covers a wide range of areas in the private sector, such as support in creating an enabling business environment. A better business climate helps to promote efficient domestic investment, attract foreign direct investment and increase productivity, thereby raising income and employment opportunities.

Assistance is given to reduce administrative and regulatory barriers for business, provide support to relevant ministries to help them trade, and review existing legislation and policies.

Support is also provided for enterprise development through services such as training, advice and information services, which aim to improve technical and managerial skills and encourage the transfer of know-how and technologies. EU projects and programmes also involve support for professional institutions, such as chambers of commerce, industrial federations or SME associations, as well as the promotion of reliable local financial institutions.

Other areas of support include the promotion of investment and co-operation activities among businesses, and the facilitation of access to financial markets. An important focus is also put on support for microfinance and financial inclusion.

The 2011 Agenda for Change

The Agenda for Change, adopted in 2011, is the basis for the EU's development policy. The primary objective of the Agenda for Change is to significantly increase the impact and effectiveness of EU development policy and, to this end, a series of key changes in the way assistance is delivered have been introduced. These key orientations have changed EU development policy significantly and have informed the programming process for the current 2014-2020 period.

The key principles and policy priorities of the Agenda for Change can be summarized as follows:

Principles

1. **Differentiation:** taking into account the increased differentiation between developing countries, the EU shall seek to target its resources where they are needed most to address poverty reduction and where they can have the greatest impact. Greater emphasis will be put on the poorest countries including Fragile States. At the same time for countries already on sustained growth paths and/or able to generate enough own resources, this will result in less or no EU development grant aid and the pursuit of a different development partnership based on loans, technical cooperation or support for trilateral cooperation.
2. **Concentration:** to increase the impact and leverage of its assistance, the EU shall engage in no more than three sectors per partner country.
3. **Coordination:** to avoid fragmentation of aid and further increase impact, the EU and its Member States shall strengthen Joint Programming, emphasizing the need for a simplified and faster programming process, to be largely carried out on the ground. Similarly, the EU and its Member States will work to develop a common results-based approach to provide a basis for improving mutual accountability and transparency on development results.
4. **Coherence:** the EU shall continue to evaluate the impact of its policies on development objectives to ensure Policy Coherence for Development. Similarly, it will strengthen county-level dialogue on PCD and continue to promote it in global fora.

Policy priorities

1. **Human rights, democracy and other key elements of good governance:** recognizing that good governance, in its political, economic, social and environmental terms, is vital for inclusive and sustainable development, the EU support to governance shall feature more prominently in all partnerships. The EU action should center on the support and promotion of democracy, human

rights and the rule of law, gender equality, civil society and local authorities, public-sector management, corruption, tax policy and administration. In its action the EU shall employ a mix of approaches and instruments such as political dialogue, aid and conditionality based on countries' context, commitments and performance.

2. Inclusive and sustainable growth for human development: recognizing that inclusive and sustainable economic growth is crucial to long-term poverty reduction, the EU shall strengthen its action on social protection, health and education, which are the foundation for growth and ensure its inclusiveness. At the same time, it shall enhance support to those sectors that can have a high impact on development outcomes, like sustainable agriculture and energy, including natural resources management. Finally, the EU shall support those sectors which create enabling conditions for inclusive and sustainable growth such as private sector development and fostering regional integration, including by using new financial tools in order to leverage further resources to increase the EU's impact on poverty reduction.

Additional efforts will also be put in place to tackle the challenges of security, fragility and transition with the setting up of a more integrated, coherent and coordinated response notably linking development cooperation, humanitarian relief and conflict prevention.

Implementation

The Agenda for Change was taken into account in the Commission's financing instruments for the period 2014-2020 and in the programming guidelines for the DCI and the EDF in order to ensure the implementation of its principles and priorities. With regard to the principle of differentiation a transparent, clear and equitable methodology was applied for the first time to allocate bilateral aid to both EDF and DCI countries.

The 2010 enlargement strategy

The EU conducts a regular dialogue with candidate countries and potential candidates, introducing them to the system of economic policy coordination and surveillance within the EU. In addition, the EU is actively supporting the enlargement countries' endeavours towards economic recovery, macroeconomic stabilisation and fiscal consolidation. Substantial IPA assistance is being targeted at improving public finance management, increasing the quality of statistics and strengthening banking sector supervision.

The enlargement process contributes to the objectives of the Europe 2020 strategy by extending the area of the EU's regulatory framework and creating new trading opportunities. The Commission will associate enlargement countries with initiatives taken at EU level to meet the goals of smart, sustainable and inclusive growth, delivering high levels of employment, productivity and social cohesion.

Financial assistance under IPA is designed to help candidate countries and potential candidates in their efforts to meet accession criteria, to align with EU policies and standards and to foster socio-economic development. Such assistance through the EU budget provides clear added value. Assistance to enlargement countries is an investment in the future of the EU; by supporting its future members to prepare adequately for accession, the EU itself will be better placed to meet its strategic goals.

IPA is designed to allow for strategic planning of assistance through three-year multi-annual indicative planning documents (MIPDs). These documents set out the main priorities for assistance over the coming years and form the basis for annual or multi-annual programming. The MIPDs are based on the needs identified in the partnerships and progress reports. A sector approach will facilitate cooperation among donors and beneficiaries, eliminating duplication of efforts and leading to greater efficiency and effectiveness. This in turn should allow all stakeholders to focus increasingly on the expected results and impact of our combined efforts.

The 2015 enlargement strategy

The challenges faced by the enlargement countries are such that none will be ready to join the EU during the mandate of the current Commission. Enlargement policy remains focused on the "fundamentals first" principle. Key priorities are the rule of law, fundamental rights, strengthening democratic institutions, including public administration reform, as well as economic development and competitiveness. These issues reflect the importance the EU attaches to its core values and general policy priorities. Connectivity is at the very heart of the Commission's efforts to promote integration among the individual countries and between these countries and the EU. Improved connectivity within the Western Balkans and with the EU is a key factor for growth and jobs, as it strengthens the countries' backbone of competitiveness.

EU policy for the individual countries follows the general principles laid down in the regional strategies, but details them out according to country-specific needs. Where appropriate, this policy will be discussed in Chapter 4 – Evaluation Findings, for each country and each evaluation question separately.

The EU's Neighbourhood Policy was launched in 2004, as a response to the fifth enlargement round, which resulted in the EU bordering with a range of poorer, economically and politically less stable and less democratic countries. ENP represented a unified policy towards the countries bordering the EU, subsuming the patchwork of existing policy instruments. Its stated goal was to create a ring of countries around the EU with which the EU has close, peaceful and co-operative relations.

The Neighbourhood Investment Facility (NIF) was founded in 2007, and leverages funding from the ENP to invest in interregional projects (interregional strategy paper 2007-2013).

The Eastern Partnership Facility (EaP) is essentially a plan for the development of relations between the Union and the countries of Eastern Europe and South Caucasus, a plan that offers the latter a possibility of gradually joining in EU policies and programmes and of integration with the common market. EU's cooperation with its Eastern neighbours is to lead to the transfer of good EU practices in the fields of trade, economy and politics, and its pace will depend on the changes taking place in those countries and the partners' expectations.

Overarching strategic documents for EU support to the ENI East region are the revised ENPI Interregional Programme Strategy Paper 2007-2013, the ENPI East Regional Programme Strategy Paper 2010-2013, the Multiannual Indicative Programme for the period 2007-2010, the Multiannual Indicative Programme for the period 2011-2013 and the ENPI Regional Indicative Programme for the period 2011-2013. Annual Action Programmes 2010-2013 are based on one or more of these documents.

EU priorities in both strategy documents mentioned above are: Democracy, Good Governance and Stability; Economic development; Climate Change; Energy and Environment; and Advancing integration with the EU and promoting Regional Cooperation. The PSD/Competiveness sector would be covered by the priority on Economic Development.

Looking at the Annual Action Programmes from 2010 until 2013, the priorities for action remain relatively constant. They are, in random order:

- Democracy, good governance and stability (2010, 2011, 2012, 2013)
- Economic development (2010, 2011, 2012^{*)}, 2013^{*)})
- Climate Change, Energy and Environment (2010, 2011, 2012, 2013)
- Advancing integration with the EU (2010, 2011, 2012, 2013)
- Promoting Regional Cooperation (2010, 2011, 2012, 2013)
- Promoting Investment Projects in ENP partner countries (2012^{**)})
- Promoting institutional cooperation in higher education (2010, 2011)

^{*)} explicitly including transport

^{**) explicitly referring to the NIF}

In addition, a "Special Measure 2012-2013" was adopted, introducing a flexible instrument that provides incentive-based additional financial assistance to eastern partner countries, in the priority areas (1) democratic transformation and institution building, and (2) sustainable and inclusive growth and economic development.

As of 2014, two types of regional programmes exist. The Regional East Strategy Paper (2014-2020) covers the ENI East region, while the wider neighbourhood (East and South) is covered by the strategic document "European Neighbourhood – wide measures' Priorities 2014-2020". More details are given in two related Multiannual Indicative Programmes 2014-2017.

The terminology changes but judging the objectives of the programmes, there remains continuity in most of the earlier defined priorities, especially those related to investments, EU integration and good governance. Private sector development support is not as such a new priority, but is made more explicit in these two annual programmes. The priorities are formulated as follows:

For the ENI East regional programme:

- Accelerating political association (sustainable democracy, stability, human rights, good governance and the rule of law)

- Deepening sustainable economic development and integration and sector cooperation, including environment, climate change and energy security
- Enhancing support to civil society, local authorities and people to people contacts
- Flagship initiatives (Integrated Border Management, Small and Medium Sized Enterprises, Regional Gas, Oil and Electricity Markets, Energy Efficiency, Nuclear Safety and Renewable Energy Sources, Sustainable Municipal Development, Promote Good Environmental Governance and Prevent Climate Change, and Prevention, Preparedness and Response to natural and man-made Disasters)

For the wider neighbourhood programme:

- Building a partnership for inclusive economic development and integration (2014, 2015))
- Includes support to investment and social and private sector development through the NIF
- Targeted capacity building (2014)
- Includes support to approximation of the regulatory framework and to enhancing public governance systems, mainly through TAIEX
- Support for Improvement in Governance and Management (2014)

Includes public governance reforms by enhancing the capacity of the public administration

EU policy for the individual countries follows the general principles laid down in the regional strategies, but details them out according to country-specific needs. Where appropriate, this policy will be discussed in Chapter 4 – Evaluation Findings, for each country and each evaluation question separately. In the same Chapter, the answers to EQ6 provide a more systematic treatment of strategic objectives.,

ENPI SOUTH strategy and Union for the Mediterranean

For the southern neighbourhood countries, the Euro-Mediterranean Charter for Enterprise serves as a reference text for the co-ordination and definition of technical assistance to the private sector at regional, sub-regional and national levels. It contains common principles on which the Mediterranean partners can base enterprise policy to create an environment conducive to investment and private sector development.

The **Union for the Mediterranean (UfM)** was launched in Paris on 13 July 2008 in a bid to give a new impulse to the Barcelona Process, per the Joint Declaration adopted at the heads of state or government meeting. The UfM is the only intergovernmental organisation that gathers all 28 countries of the European Union and the 15 countries of the Southern and Eastern Mediterranean together.

UfM's proposed impulse would allow to:

- Upgrade the political level of EU's relationship with its Mediterranean partners;
- Provide for further co-ownership to multilateral relations;
- Make these relations more concrete and visible through additional regional and sub-regional projects, relevant for the citizens of the region.

Overarching strategic documents for EU support to the ENI South region are the revised ENPI Regional Strategy Paper 2007-2013 and Regional Indicative Programme (2007-2010) for the Euro-Mediterranean Partnership, the ENPI Regional Indicative Programme (2011-2013) for the Euro-Mediterranean Partnership and the Regional South Strategy Paper (2014-2020) and Multiannual Indicative Programme (2014-2017).

EU priorities in the programming documents mentioned above are:

- Democracy; gender equality; respect for human rights and freedom of expression; and the guarantee of the independence of the judiciary (2007-2010) – further evolving to Liberty, Democracy and Security (2014-2020)
- Security of all citizens, including through counter-terrorism policies; cooperation on illegal and legal immigration (2007-2010) – further evolving to Peace and Stability (2014-2020)
- Inclusive and Sustainable Economic Development (both periods)
- Meeting the Millennium Development Goals, particularly in education; fighting racism, xenophobia and intolerance (2007-2010) – further evolving to People Development (2014-2020)
- Dialogue between governmental and non-governmental players; South-South regional integration (2007-2010) – further evolving to Regional and Sub-regional Institutional Cooperation (2014-2020).

The FEMIP was founded in 2002, and before the launch of the ENP invested in countries of the Barcelona Process. Since 2004 it invests in the countries of the ENP, and it also receives some funding from the ENP to leverage investments (southern ENP strategy paper).

EU policy for the individual countries follows the general principles laid down in the regional strategies, but details them out according to country-specific needs. Where appropriate, this policy will be discussed in Chapter 4 – Evaluation Findings, for each country and each evaluation question separately.

Annex 4 Evaluation matrix

The evaluation matrix was presented in the Inception Report and accepted by DG NEAR in May 2016. After studying the documents and executing the field visits, it became apparent that some elements of the methodology would need to be adapted to better suit the purpose of the evaluation.

In terms of reporting, a few simple adaptations were made, such as combining answers to judgment criteria, since separate treatment would lead to rehearsal of findings. This concerns the judgment criteria under EQs 05, 10, 16 and 20.

Furthermore, judgment criterion 9.1 was designed to differ from judgment criterion 8.1 in that it (1) exclusively looks at SME performance as a result of EU support and (2) would primarily give quantitative information. Aspects of SME performance included here are (a) number of SMEs that received financial support; (b) number of SMEs that received non-financial support; (c) number of SMEs showing growth in international trade; (d) number of SMEs having received assistance from business support organisations; (e) number of SMEs having joined a cluster. It is emphasised that these aspects were not selected at random, but answer directly to the requirements expressed in the ToR. There are several methodological issues involved here.

In the first place, arguably only aspect (c) really touches upon performance of the assisted companies. All other aspects rather relate to project or programme performance.

Secondly, the objective of this evaluation is not primarily to measure quantitative performance of a small selection of sample projects, but rather to provide insight in the effectiveness and impact of PSD/Competitiveness programmes overall. The chosen and agreed methodology, with indicators and judgment criteria focusing predominantly on sample projects, prohibits the latter. This applies to the entire evaluation matrix, but the reformulated EQ08 – although still in a limited way – enables the evaluators to include overall programme effects.

The evaluators, upon examining the ramifications of this design shortcoming, have decided to adapt the evaluation matrix in order to solve the above-mentioned dilemmas. A strict distinction is now maintained between general business environment aspects and business performance aspects. The adapted parts of the evaluation matrix are shown in the table below.

| EQ 08 | To what extent has EU assistance contributed to tangible improvements in the business environment? |
|-------------------------------|--|
| <i>Judgment criterion 8.1</i> | <i>Expected results as stated in project designs, related to aspects of the business environment, are realised or likely to be realised</i> |
| Indicator 8.1. a | Increase, as compared to 2010, of entrepreneurial learning opportunities, including those for women entrepreneurship (SBA dimension I) |
| Indicator 8.1. b | Improved institutional and regulatory framework for SME policy making (SBA dimension III) |
| Indicator 8.1.c | More and improved support services for SMEs (SBA dimension V) |
| Indicator 8.1. d | More and improved innovation support to SMEs (SBA dimension VIII) |
| Indicator 8.1. e | SMEs in a Green Economy; promote eco-innovation and eco-efficiency among SMEs (SBA dimension IX) |
| Indicator 8.1. f | Growth in jobs since 2010, within the business support infrastructure |
| <i>Judgment criterion 8.2</i> | <i>Expected results as stated in project designs in the IPA area, directly related to the adoption and implementation of the acquis, are realised or likely to be realised</i> |
| Indicator 8.2. a | Level of progress in narrowing the gap between the beneficiary and the acquis |

| EQ 09 | To what extent has EU assistance contributed to tangible improvements in access to services and in performance of supported companies? |
|-------------------------------|--|
| <i>Judgment criterion 9.1</i> | <i>Expected results as stated in project designs, directly related to access to services, are realised or likely to be realised</i> |
| Indicator 9.1. a | Number of SMEs having gained access to finance as a result of selected EU-funded projects |
| Indicator 9.1. b | Number of SMEs having obtained non-financial support as a result of selected EU-funded projects |
| Indicator 9.1.c | Number of SMEs having received assistance from business support organisations as a result of selected EU-funded projects |
| Indicator 9.1.d | Number of SMEs having joined a cluster as a result of selected EU-funded |

| | |
|-------------------------------|--|
| | projects |
| <i>Judgment criterion 9.2</i> | <i>Expected results as stated in project designs, directly related to SME performance, are realised or likely to be realised</i> |
| Indicator 9.2. a | Number of SMEs showing growth in turnover as a result of selected EU-funded projects |
| Indicator 9.2. b | Number of SMEs showing growth in international trade as a result of selected EU-funded projects |
| Indicator 9.2.c | Number of SMEs showing growth in jobs since 2010 as a result of selected EU-funded projects |

The text in red font indicates changes in the matrix as processed during the actual evaluation exercise. See text above for further explanations.

| Relevance | | | | |
|------------------------|--|-----------------------|-----------------------------|--------|
| EQ 01 | How relevant is the EU assistance in view of the priority needs of the countries in the regions? | | | |
| Judgment criterion 1.1 | The objectives and priorities of EU assistance are in line with the policy/development frameworks for the PSD/Competiveness sector in the partner countries in particular in terms of the needs for financial and non-financial support to enterprises, strengthening of R&D&I, stimulation of FDI and foreign trade, improved business infrastructure and better business environment in general. | | | |
| Indicator 1.1. a | Level of correspondence of EU country and multi-beneficiary assistance objectives in the 2010-2015 programmes with the needs identified by the selected partner countries, in their PSD policies/strategies. | | | |
| Data collection method | Document study | Individual interviews | Group sessions/focus groups | Survey |
| Output | Tabular presentation of consistency, with analytical explanation | | | |
| Indicator 1.1. b | Priorities chosen in or even before, early stages of the reference period are still relevant | | | |
| Data collection method | Document study | Individual interviews | Group sessions/focus groups | Survey |
| Output | Qualitative comparison of past and present objectives and priorities | | | |
| Indicator 1.1.c | Ranking of interventions at macro, meso and micro level as compared to the needs identified | | | |
| Data collection method | Document study | Individual interviews | Group sessions/focus groups | Survey |
| Output | Qualitative comparison of past and present objectives and priorities | | | |
| Judgment criterion 1.2 | The quality of design of individual projects/interventions/contracts is adequate in terms of intervention logic and definition of indicators | | | |
| Indicator 1.2. a | Clear intervention logic in selected projects | | | |

| | | | | | |
|------------------------|---|----------------|-----------------------|-----------------------------|--------|
| Data method | collection | Document study | Individual interviews | Group sessions/focus groups | Survey |
| Output | Section in final report describing key findings on logic of intervention and main points for improvement | | | | |
| EQ 02 | To what extent is relevance enhanced through co-ordinated programming of national and multi-country projects? | | | | |
| Judgment criterion 2.1 | Programming of national and multi-country projects is a co-ordinated process at Commission HQ, EUDs and beneficiaries | | | | |
| Indicator 2.1. a | Frequency and format of information exchange between programmers at Commission HQ and EUDs | | | | |
| Data method | collection | Document study | Individual interviews | Group sessions/focus groups | Survey |
| Output | Section in report on consistency between national and multi-country programmes, and on functioning of coordination of programming | | | | |
| Indicator 2.1. b | Existence of overlaps in programmed assistance under multi-country and national programmes | | | | |
| Data method | collection | Document study | Individual interviews | Group sessions/focus groups | Survey |
| Output | Section in report with inventory –or at least examples- of overlaps between national and multi-country programmes, with recommendations on how to avoid them, if the case | | | | |
| Efficiency | | | | | |
| EQ 03 | To what extent is the preparation of interventions managed adequately? | | | | |
| Judgment criterion 3.1 | The process of preparation of contracting documentation does not show avoidable delays | | | | |
| Indicator 3.1. a | Time elapsed between programming and contracting | | | | |
| Data method | collection | Document study | Individual interviews | Group sessions/focus groups | Survey |
| Output | Tabular presentation in final report, with analytical paragraph | | | | |

| | | | | |
|------------------------|--|------------------------------|-----------------------------|--------|
| Indicator 3.1. b | Acceptable reasons for delays in contracting | | | |
| Data collection method | Document study | Individual interviews | Group sessions/focus groups | Survey |
| Output | Section in final report on main and generic causes for delays, with programming-related recommendations | | | |
| EQ 04 | To what extent is the implementation of activities managed adequately? | | | |
| Judgment criterion 4.1 | The activities are implemented, and outputs are delivered, as scheduled | | | |
| Indicator 4.1. a | Deviations from work plans of contractors | | | |
| Data collection method | Document study | Individual interviews | Group sessions/focus groups | Survey |
| Output | Tabular presentation in final report, with analytical paragraph | | | |
| Indicator 4.1. b | Acceptable reasons for delays in implementation | | | |
| Data collection method | Document study | Individual interviews | Group sessions/focus groups | Survey |
| Output | Section in final report on main and generic causes for delays, with programming-related recommendations | | | |
| EQ 05 | How well did national projects mutually, and national and multi-country projects aimed at enhancing PSD/Competitiveness interact to reach the EU policy objectives? | | | |
| Judgment criterion 5.1 | Individual project experts have regular contacts with their peers in other projects | | | |
| Indicator 5.1. a | Frequency of professional interaction | | | |
| Data collection method | Document study | Individual interviews | Group sessions/focus groups | Survey |
| Output | Analytical section in final report on the existence of interactions and their effects related to EU policy objectives | | | |

| | | | | |
|------------------------|--|------------------------------|-----------------------------|--------|
| Judgment criterion 5.2 | Beneficiaries have established project-related working relations with beneficiaries of other projects 5.2 and 5.3 have been combined | | | |
| Indicator 5.2. a | Frequency and format of professional interaction | | | |
| Data collection method | Document study | Individual interviews | Group sessions/focus groups | Survey |
| Output | Analytical section in final report on the existence of interactions and their effects related to EU policy objectives | | | |
| Judgment criterion 5.3 | Beneficiaries succeed in capitalising on synergies between national and multi-country programmes. 5.2 and 5.3 have been combined | | | |
| Indicator 5.3. a | Beneficiaries utilise outputs of at least one national and one multi-country PSD/Competitiveness project | | | |
| Data collection method | Document study | Individual interviews | Group sessions/focus groups | Survey |
| Output | Analytical section in final report on the existence of interactions and their effects related to EU policy objectives | | | |
| EQ 06 | How can programming of support to SMEs projects be improved to achieve strategic objectives more effectively and efficiently? | | | |
| Judgment criterion 6.1 | Degree of programme adequacy to effectively and efficiently achieve strategic objectives | | | |
| Indicator 6.1. a | Programming reflects lessons learnt and actors/stakeholders field experience, including results from policy dialogue and donors exchanges | | | |
| Data collection method | Document study | Individual interviews | Group sessions/focus groups | Survey |
| Output | Analytical section in final report on the existence of interactions and their effects related to EU policy objectives | | | |
| EQ 07 | What was the most efficient approach in the various projects? And why was it better? How was the programming different vis-à-vis the other projects | | | |
| Judgment criterion 7.1 | Timeliness and quality of outputs and results | | | |

| | | | | | |
|------------------------|---|-----------------------|-----------------------------|--------|--|
| Indicator 7.1. a | Projects identified which succeed, or are likely to succeed, in delivering quality outputs and results on time and within budgetary limits | | | | |
| Data collection method | Document study | Individual interviews | Group sessions/focus groups | Survey | |
| Output | Analytical section in final report on the existence of interactions and their effects related to EU policy objectives | | | | |
| Indicator 7.1. b | Factors related to design and implementation identified which are at the basis of successful performance | | | | |
| Data collection method | Document study | Individual interviews | Group sessions/focus groups | Survey | |
| Output | Analytical section in final report on the existence of interactions and their effects related to EU policy objectives | | | | |
| Effectiveness | | | | | |
| EQ 08 | To what extent has EU assistance contributed to tangible improvements in the business environment and in performance of supported companies? Alternatively, how did it help narrow the gap between the beneficiary and the acquis? Reformulated: To what extent has EU assistance contributed to tangible improvements in the business environment? Alternatively, how did it help narrow the gap between the beneficiary and the acquis? | | | | |
| Judgment criterion 8.1 | Expected results as stated in project designs, related to aspects of the business environment, are realised or likely to be realised | | | | |
| Indicator 8.1. a | Increase, as compared to 2010, of entrepreneurial learning opportunities, including those for women entrepreneurship (SBA dimension I) | | | | |
| Data collection method | Document study | Individual interviews | Group sessions/focus groups | Survey | |
| Output | Table and/or graph with quantitative results (depending on availability), complemented by analytical comments | | | | |
| Indicator 8.1. b | Improved institutional and regulatory framework for SME policy making (SBA dimension III) | | | | |
| Data collection method | Document study | Individual interviews | Group sessions/focus groups | Survey | |
| Output | Table and/or graph with quantitative results (depending on availability), complemented by analytical comments | | | | |

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|------------------------|--|------------------------------|------------------------------------|-------------------|
| Indicator 8.1.c | More and improved support services for SMEs (SBA dimension V) | | | |
| Data collection method | Document study | Individual interviews | Group sessions/focus groups | Survey |
| Output | Table and/or graph with quantitative results (depending on availability), complemented by analytical comments | | | |
| Indicator 8.1. d | More and improved innovation support to SMEs (SBA dimension VIII) | | | |
| Data collection method | Document study | Individual interviews | Group sessions/focus groups | Case study |
| Output | Success story –if existing- of SME investments and strategies which aim at increasing R&D identified and turned into case study; section in final report summarising the findings on R&D support. | | | |
| Indicator 8.1. e | SMEs in a Green Economy; promote eco-innovation and eco-efficiency among SMEs (SBA dimension IX) | | | |
| Data collection method | Document study | Individual interviews | Group sessions/focus groups | Case study |
| Output | Success story –if existing – of SME investments and strategies which aim at promoting eco-innovation and eco-efficiency among SMEs; section in final report summarising the findings on SMEs in a Green Economy. | | | |
| Judgment criterion 8.2 | Expected results as stated in project designs, directly related to SME performance, are realised or likely to be realised 8.2 was moved to 9.1 | | | |
| Indicator 8.1. f | Growth in jobs since 2010, within business support organisations | | | |
| Data collection method | Document study | Individual interviews | Group sessions/focus groups | Survey |
| Output | Table and/or graph with quantitative results (depending on availability), complemented by analytical comments | | | |
| Indicator 8.1. g | Number of SMEs having joined a cluster as a result of selected EU-funded projects | | | |
| Data collection | Document study | Individual interviews | Group sessions/focus | Survey |

| | | | | |
|------------------------|--|------------------------|-----------------------------|------------------------|
| method | | | groups | |
| Output | Table and/or graph with quantitative results (depending on availability), complemented by analytical comments | | | |
| Judgment criterion 8.2 | Expected results as stated in project designs in the IPA area, directly related to the adoption and implementation of the acquis, are realised or likely to be realised. Re-numbered into 8.2 | | | |
| Indicator 8.2. a | Level of progress in narrowing the gap between the beneficiary and the acquis | | | |
| Data collection method | Document study | Individual interviews | Group sessions/focus groups | Survey |
| Output | Table and/or graph with quantitative results (depending on availability), complemented by analytical comments | | | |
| Impact | | | | |
| EQ 9 | To what extent has the direct and indirect assistance to private enterprises and business support organisations led, or is likely to lead, to job creation? Reformulated: To what extent has EU assistance contributed to tangible improvements in access to services and in performance of supported companies and business support organisations? | | | |
| Judgment criterion 9.1 | No judgment criterion in original matrix; “Old” criterion 8.1 was broken down into 9.1 and 9.2. New 9.1. is now: Expected results as stated in project designs, directly related to access to services, are realised or likely to be realised. | | | |
| Indicator 9.1. a | Number of SMEs having gained access to finance as a result of selected EU-funded projects | | | |
| Data collection method | Document study | Data collection method | Document study | Data collection method |
| Output | Table and/or graph with quantitative results (depending on availability), complemented by analytical comments | | | |
| Indicator 9.1. b | Number of SMEs having obtained non-financial support as a result of selected EU-funded projects | | | |
| Data collection | Document study | Data collection method | Document study | Data collection method |

| | | | | |
|------------------------|--|-----------------------|-----------------------------|---------------|
| method | | | | |
| Output | Table and/or graph with quantitative results (depending on availability), complemented by analytical comments | | | |
| Indicator 9.1.c | Number of SMEs having received assistance from business support organisations as a result of selected EU-funded projects | | | |
| Data collection method | Document study | Individual interviews | Group sessions/focus groups | Survey |
| Output | Table and/or graph with quantitative results (depending on availability), complemented by analytical comments | | | |
| Indicator 9.1. d | Number of SMEs having joined a cluster as a result of EU-funded projects | | | |
| Data collection method | Document study | Individual interviews | Group sessions/focus groups | Survey |
| Output | Table and/or graph with quantitative results (depending on availability), complemented by analytical comments | | | |
| Judgment criterion 9.2 | “Old” criterion 8.1 was broken down into 9.1 and 9.2. New 9.2. is now: Expected results as stated in project designs, directly related to SME performance, are realised or likely to be realised | | | |
| Indicator 9.2. a | Number of SMEs showing growth in turnover since 2010, as a result of selected EU-funded projects | | | |
| Data collection method | Document study | Individual interviews | Group sessions/focus groups | Survey |
| Output | Cost/impact comparisons; qualitative conclusions as to lessons learned and operational recommendations for upcoming programming in order to increase performance of IPA II and ENI assistance | | | |
| Indicator 9.2. b | Number of SMEs showing growth in international trade since 2010 as a result of selected EU-funded projects | | | |
| Data collection method | Document study | Individual interviews | Group sessions/focus groups | Survey |
| Output | Table and/or graph with quantitative results (depending on availability), complemented by analytical comments | | | |
| Indicator 9.2.c | Number of SMEs showing growth in jobs since 2010, as a result of EU-funded projects | | | |

| | | | | | |
|-------------------|------------|---|-----------------------|-----------------------------|--------|
| Data method | collection | Document study | Individual interviews | Group sessions/focus groups | Survey |
| Output | | Table and/or graph with quantitative results (depending on availability), complemented by analytical comments | | | |
| EQ 10 | | To what extent was the assistance to innovative SMEs effective in achieving the desired results, namely on environmentally better products manufacturing, green technologies, energy-efficient building materials, energy and environment labelling products and services, intelligent heating and cooling systems and eco-friendly products? And what possibly hampered its achievement? | | | |
| Judgment 10.1 | criterion | Introduction of environmentally friendly (green) technologies since 2010 10.1 and 10.2 have been combined | | | |
| Indicator 10.1. a | | Change in volume/quantity of environmentally friendly (green) technologies implemented, or likely to be implemented, by innovative SMEs as a result of EU-funded projects | | | |
| Data method | collection | Document study | Individual interviews | Group sessions/focus groups | Survey |
| Output | | Table reflecting the changes, with analytical comments | | | |
| Indicator 10.1. b | | Change in volume/quantity of energy-efficient building materials utilised, or likely to be utilised, by innovative SMEs as a result of EU-funded projects | | | |
| Data method | collection | Document study | Individual interviews | Group sessions/focus groups | Survey |
| Output | | Table reflecting the changes, with analytical comments | | | |
| Indicator 10.1.c | | Change in volume/quantity of energy and environment labelling products and services delivered, or likely to be delivered, by innovative SMEs as a result of EU-funded projects | | | |
| Data method | collection | Document study | Individual interviews | Group sessions/focus groups | Survey |
| Output | | Table reflecting the changes, with analytical comments | | | |

| | | | | |
|-------------------------|---|------------------------------|-----------------------------|---------------|
| Indicator 10.1. d | Change in volume/quantity of intelligent heating and cooling systems installed, or likely to be installed, by or within innovative SMEs as a result of EU-funded projects | | | |
| Data method collection | Document study | Individual interviews | Group sessions/focus groups | Survey |
| Output | Table reflecting the changes, with analytical comments | | | |
| Indicator 10.1. e | Change in volume/quantity of eco-friendly products produced, or likely to be produced, by innovative SMEs as a result of EU-funded projects | | | |
| Data method collection | Document study | Individual interviews | Group sessions/focus groups | Survey |
| Output | Table reflecting the changes, with analytical comments | | | |
| Judgment 10.2 criterion | Evidence of problems with introduction of environmentally friendly technologies and products 10.1 and 10.2 have been combined | | | |
| Indicator 10.2. a | Failure within individual projects to realise the related expected results | | | |
| Data method collection | Document study | Individual interviews | Group sessions/focus groups | Survey |
| Output | Section in final report describing the failures and their root causes. | | | |
| EQ 11 | Are both genders equally affected by EU assistance to the PSD/Competitiveness sector? If not, why? If so, was this due to a specific element in programming or implementation? | | | |
| Judgment 11.1 criterion | Degree of gender equality/balance in projects design and implementation | | | |
| Indicator 11.1. a | Degree of gender equality/balance in projects design and implementation | | | |
| Data method collection | Document study | Individual interviews | Group sessions/focus groups | Survey |

| | | | | | |
|-------------------------|--|-----------------------|-----------------------------|--------|--|
| Output | Success story –if existing- of SME investments and strategies which aim at increasing gender equality in entrepreneurship identified and turned into case study; section in final report summarising the findings on gender equality | | | | |
| Sustainability | | | | | |
| EQ 12 | To what extent are the outcomes of the EU assistance likely to continue producing effects after the end of EU funding? | | | | |
| Judgment 12.1 criterion | Sustainability of key project effects | | | | |
| Indicator 12.1. a | Likelihood of key project effects lasting at mid-and long-term | | | | |
| Data collection method | Document study | Individual interviews | Group sessions/focus groups | Survey | |
| Output | Section in final report describing main success and failure factors and their root causes. Success story or stories to illustrate, if existing | | | | |
| Judgment 12.2 criterion | Leveraging/multiplication power of key project effects | | | | |
| Indicator 12.2. a | Likelihood of key project effects to leverage/multiply at mid-and long-term | | | | |
| Data collection method | Document study | Individual interviews | Group sessions/focus groups | Survey | |
| Output | Section in final report describing main leveraging/multiplication success and failure factors and their root causes. Success story/ies to illustrate, if existing | | | | |
| EQ 13 | How can programming of EU assistance be enhanced to improve the impact and sustainability of financial assistance? | | | | |
| Judgment 13.1 criterion | Lessons learnt on sustainability success and failure factors | | | | |
| Indicator 13.1. a | Sustainability success and failure factors and respective root causes are identified and may be generalised | | | | |
| Data collection method | Document study | Individual interviews | Group sessions/focus groups | Survey | |

| | | | | | |
|-------------------------|--|-----------------------|-----------------------------|--------|--|
| Output | Section in final report elaborating on success/failure factors and respective root causes. | | | | |
| EQ 14 | Is there enough ownership over R&D and innovation activities? If so, how was this managed? If not, why? | | | | |
| Judgment criterion 14.1 | Degree of ownership over R&D and innovation activities | | | | |
| Indicator 14.1. a | Degree of ownership over R&D and innovation activities | | | | |
| Data collection method | Document study | Individual interviews | Group sessions/focus groups | Survey | |
| Output | Mapping exercise regarding the level of innovation and knowledge-based economy | | | | |
| EQ 15 | How likely is it that beneficiaries at policy and implementation levels will continue to demonstrate ownership of the results of EU-interventions? | | | | |
| Judgment criterion 15.1 | National and sub-national legislation, institutional and administrative provisions are in place that guarantee financial and technical sustainability | | | | |
| Indicator 15.1. a | There is continuity in institutional, organisational and staffing provisions related to the EU-funded intervention | | | | |
| Data collection method | Document study | Individual interviews | Group sessions/focus groups | Survey | |
| Output | Section in final report describing main ownership success and failure factors and their root causes. Success story/ies to illustrate, if existing | | | | |
| Indicator 15.1. b | Organisations involved in implementation of financial/non-financial business support, R&D and innovation activities, trade enhancement and other SME-oriented activities are actively involved in the implementation of EU-funded projects and will continue to do so. | | | | |
| Data collection method | Document study | Individual interviews | Group sessions/focus groups | Survey | |
| Output | Section in final report describing main ownership success and failure factors and their root causes. Success story or stories to illustrate, if existing | | | | |
| Coherence | | | | | |

| | | | | |
|-------------------------|---|-----------------------|-----------------------------|--------|
| EQ 16 | To what extent is the EU assistance coherent with other interventions which have similar objectives? To what extent is EU assistance coherent with other action in the field, such as SMEs support in relevant areas of the European programmes, namely the Seventh Framework Programme and the EU's Competitiveness and Innovation Framework Programme (CIP)? Is EU assistance coherent? | | | |
| Judgment 16.1 criterion | Clear strategic and operational links exist between EU assistance and the SME support embedded in the (former) Seventh Framework Programme 16.1 and 16.2 have been combined | | | |
| Indicator 16.1. a | Level of alignment between programmes/projects and the (former) Seventh Framework Programme | | | |
| Data collection method | Document study | Individual interviews | Group sessions/focus groups | Survey |
| Output | Tabular comparison both levels, with analysis | | | |
| Judgment 16.2 criterion | Clear strategic and operational links exist between EU assistance and the SME support embedded in the (former) Competitiveness and Innovation Framework Programme (CIP) 16.1 and 16.2 have been combined | | | |
| Indicator 16.2. a | Level of alignment between programmes/projects and the (former) Competitiveness and Innovation Framework Programme (CIP) | | | |
| Data collection method | Document study | Individual interviews | Group sessions/focus groups | Survey |
| Output | Tabular comparison both levels, with analysis | | | |
| EQ 17 | To which extent are national and regional programmes complementary and aligned with the principles of the EU Small Business Act? | | | |
| Judgment 17.1 criterion | Representation of the SBA principles in programming documents and project designs | | | |
| Indicator 17.1. a | Financial allocations to advancing the SBA, as percentage of overall financial allocations to the PSD/Competitiveness sector | | | |
| Data collection | Document study | Individual interviews | Group sessions/focus | Survey |

| | | | | |
|-------------------|--|---|-----------------------|---------------------------------------|
| method | | | groups | |
| Output | Table and/or graph with quantitative results (depending on availability), complemented by analytical comments | | | |
| EQ 18 | To what extent has the EU assistance enhanced the visibility of EU aid, and promoted innovative approaches to aid delivery? | | | |
| Judgment 18.1 | criterion | Contribution of programming and implementation to EU visibility | | |
| Indicator 18.1. a | Level of effectiveness of EU visibility actions | | | |
| Data method | collection | Document study | Individual interviews | Group sessions/focus groups Survey |
| Output | Section in final report on EU visibility and respective causes, with programming/operational-related recommendations | | | |
| Judgment 18.2 | criterion | Contribution of programming and implementation to promoting innovative approaches to aid delivery | | |
| Indicator 18.2. a | Innovative character of EU assistance | | | |
| Data method | collection | Document study | Individual interviews | Group sessions/focus groups Survey |
| Output | Section in final report on the innovative character of EU assistance and respective causes, with programming/operational-related recommendations | | | |
| EU Added Value | | | | |
| EQ 19 | What is the added value resulting from the EU interventions, compared to what could be achieved by the beneficiary countries without such interventions? | | | |
| Judgment 19.1 | criterion | Complementarity and non-contradiction or overlapping with national or regional programming Reformulated: Complementarity and non-contradiction or overlapping between beneficiary and EU programmes. | | |
| Indicator 19.1. a | Degree of complementarity and non-contradiction or overlapping with national or regional programming Reformulated: Degree of complementarity and non-contradiction or overlapping with beneficiary programmes | | | |

| | | | | | |
|-------------------|---|--|-----------------------|-----------------------------|--------|
| Data method | collection | Document study | Individual interviews | Group sessions/focus groups | Survey |
| Output | Section in final report on complementarity and non-contradiction or overlapping of EU assistance with National regional programming, with programming/operational-related recommendations | | | | |
| EQ 20 | Which areas within the PSD/Competitiveness sector can do without or with reduced EU assistance because they are well covered by other donors? | | | | |
| Judgment 20.1 | criterion | Areas/sub-sectors effectively covered by non-financial assistance from other donors 20.1 and 20.2 have been combined | | | |
| Indicator 20.1. a | Allocations of EU assistance vs. donor allocations | | | | |
| Data method | collection | Document study | Individual interviews | Group sessions/focus groups | Survey |
| Output | Tabular comparison both sources, with analysis | | | | |
| Indicator 20.1. b | Success (impact) of EU assistance versus that of donor assistance | | | | |
| Data method | collection | Document study | Individual interviews | Group sessions/focus groups | Survey |
| Output | Tabular comparison of effects both sources, with analysis | | | | |
| Judgment 20.2 | criterion | Areas/sub-sectors effectively covered by financial assistance from IFIs 20.1 and 20.2 have been combined | | | |
| Indicator 20.2. a | Allocations of EU financial assistance to SMEs vs. IFI financial assistance | | | | |
| Data method | collection | Document study | Individual interviews | Group sessions/focus groups | Survey |
| Output | Tabular comparison both sources, with analysis | | | | |
| Indicator 20.2. b | Success (impact) of EU financial assistance to SMEs versus that of IFIs | | | | |

| | | | | | | |
|----------------|--|-----------------------|-----------------------|-----------------|----------------|---------------|
| Data method | collection | Document study | Individual interviews | Group groups | sessions/focus | Survey |
| Output | Comparison of effects of both sources of finance | | | | | |

Annex 5 Mapping of assistance tables

IPA

1. Multi-country (regional) programme

The table below is based on official documents and a multitude of interviews

| Year*) | Title | Explanatory notes |
|---------------------------------|--|---|
| 2006; 2007; 2008; 2009 | European Fund for South-East Europe (EFSE) EUR 83.9 million eu contribution | Public-private-partnership, attracting private capital and thereby leveraging public donor funds. EFSE extends loans to local commercial banks and micro-finance institutions in the Western Balkan, Turkey and Eastern Neighbourhood (Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine) for on-lending to micro and small enterprises and households. Different sources give different quotations of EU contributions to the fund. <i>As an estimation, the EU allocation to the IPA region is set at 30 million for the period 2010-2015.</i> |
| 2010 | None of the 2010 MB projects | relates directly to PSD, although there may be some indirect effects from the RCC work and the SEEIC work. Not substantial enough to include in the evaluation |
| 2011 | Western Balkans Regional Trade Logistics Project (1.5 M€) | The project was executed by the World Bank. It aimed to improve the competitiveness of companies in the Western Balkans by reducing administrative barriers to (and thus, time and costs associated with) cross-border clearance procedures. The project works with private and public sector stakeholders to streamline/ simplify export, import and transit procedures. Implemented from 21/11/2011 – 20/10/2014 |
| 2011 | Western Balkans Enterprise Development and Innovation Facility (WB EDIF) 30.0 M€ | WB EDIF promotes emergence and growth of innovative and high-potential companies, as well as creating a regional Venture Capital market. Coordinated by EIF; partners are EU, EIB, EBRD, other IFIs, bilaterals. WB EDIF will provide early-to-development stages equity financing in innovative SMEs through Enterprise Innovation Fund (ENIF); development and expansion capital to established high-growth potential SMEs through Enterprise Expansion Fund (ENEF) (implemented alongside the EBRD Local Enterprise Facility); improved access to bank lending and lower costs of borrowing by providing SME loan portfolio guarantees to financial intermediaries under a regional Guarantee Facility (GF); Runs from 05/12/2012 to 30/11/2025. <i>Official documentation shows an allocation of EUR 30 million in 2011, and at the same time mentions EUR 64.5 million for the period 2011-2013.</i> |
| 2011 | CEFTA Project Facility (0.88 M€) | Two direct grants to support to the CEFTA Secretariat in providing training and support on acquis related issues 5/09/2011– 31/10/2014 |
| 2011 | Support to the South East Europe Investment Committee (0.8 M€) | This is a grant contract with RCC, aiming at management and coordination of the work of the South East Europe Investment Committee. Project has run from 1/1/2012 to 31/12/2013 |
| 2012 | WB EDIF (52M€) | See under 2011 |
| 2013 | WB EDIF (39M€) | 34 mln for replenishing EDIF and 5 mln for managing the WBIF. Therefore, almost fully for PSD |
| 2013 | SEECCEL (3.4M€) | Two direct grant contracts. The specific objective of the project is building on existing activities and results from the 2009 – 2013 implementation period, to further develop the lifelong entrepreneurial learning system in line with the Human Capital Dimension of the SBA for Europe. Implementation from 01/05/2013 – 30/04/2016 and from 01/01/2014 – 31/12/2016 |
| 2013 | Next Generation | Support to implementation of South East Europe 2020 Vision. Reform policies that target businesses and remove |

| Year*) | Title | Explanatory notes |
|--------|---|--|
| | Competitiveness Initiative (4.9M€) | barriers to growth. Extension of a previous project executed by OECD. Implementation 22/04/2012 – 21/04/2016, but may also have been 22/04/2013 – 31/12/2015. |
| 2013 | CEFTA Project Facility (0.44 M€) | Direct grant to support to the CEFTA Secretariat in providing training and support on acquis related issues. Start 17/12/2013; completion 17/07/2016 |
| 2014 | Central European Free Trade Agreement (3.4M€) | Support to CEFTA secretariat through secondment of national experts from CEFTA parties. 3 annual operating grants and 1 action grant Start 01/05/2015; completion 31/04/2018 |
| 2014 | EDIF (29M€) | Contribution to the guarantees facility and Support Services Facility under EDIF, as well as the EBRD's SBS programme. OECD Triple Helix project, focusing on early stage SMEs, was launched in Kosovo, Croatia and Albania. Is part of EDIF, but unclear amount and from which allocation OECD project monitoring of policy reforms across the regions Is part of EDIF, but unclear amount and from which allocation EBRD: Small Business Support (SBS) is part of EDIF but unclear amount and from which allocation World Bank: Venture Capital and Investment Readiness is part of EDIF but unclear amount and from which allocation World Bank: EU REPARIS project has been incorporated in EDIF, but unclear amount and from which allocation |
| 2015 | Improving economic governance and competitiveness (17M€) | Comp 1 – support governments in competitiveness-enhancing reforms, including SBA implementation, measures for SMEs, monitoring SEE 2020 strategy, and support development of ERPs (OECD direct grant 11M€) Comp 2 – trade facilitation (grant scheme 3M€) Comp 3 – PFM and PEFA (WB direct grant 3 M€) <i>The allocation to PSD/Competitiveness as defined for this evaluation is therefore EUR 14 million.</i> |
| 2015 | Technology transfer (1.5M€) | Establishing TT offices and training of TT practitioners. Strengthening TT capacity in the framework of the Western Balkans Innovation Strategy Exercise (WISE). |
| 2015 | WB EDIF (5.1M€) | Extension of existing agreement with EIF till 2023 for governance of EDIF. Division over regions unknown |
| 2015 | WB EDIF (ENIF) 12.5 M€ | ENIF funds are now 12.5 from EU, 5 m from EBRD, 2.4 from Croatia and Macedonia, 5.25 from private investors. Unclear whether the 5.1 mln EU contribution above is part of this. |
| 2015 | Trusteeship agreements for European Fund for Southeast Europe and Green for Growth and replenishment of the Green for Growth Fund TA facility (9M€) | EIF will manage the EU participation in GGF, GGF TAF, and EFSE. Division over regions unknown |

| Year | IPA MB total (€) | PSD/Comp (€) | PSD/Comp (%) |
|------|------------------|--------------|--------------|
| 2010 | 87.0 | 0.0 | 0.0 |
| 2011 | 144.0 | 32.5 | 22.6 |
| 2012 | 109.0 | 52.0 | 47.7 |
| 2013 | 121.0 | 47.7 | 39.4 |
| 2014 | 153.0 | 32.4 | 21.2 |

| Year | IPA MB total (€) | PSD/Comp (€) | PSD/Comp (%) |
|------|------------------|--------------|--------------|
| 2015 | 123.0 | 42.1 | 34.2 |

2. Albania

| Year*) | Title | Explanatory notes |
|--------|---|---|
| 2010 | none | |
| 2011 | Support for participation in Union Programmes (EUR 2.435.000) | For participation in FP7 in 2011 and 2012, the EU financed 75 % (EUR 2.4 million) of the costs of the entry ticket |
| 2012 | Support for participation in Union Programmes (EUR 2.434.000) | For participation in FP7 in 2013, the EU financed 75 % (EUR 1.7 million) of the costs of the entry ticket For participation in CIP-EIP in 2013, the EU financed 95 % (EUR 0.07 million) of the costs of the entry ticket TA of 500.000 assisted the authorities and applicants; <i>it is estimated that 80 % was dedicated to the two programmes.</i> |
| 2013 | Support to the implementation of the Strategy for Property Rights (EUR 1.000.000) | Project cancelled as informed by EUD Tirana. <i>Therefore, not included in annual allocation.</i> |
| 2013 | EBRD Small Business Support Programme - EGP and BAS (EUR 2.000.000) | The project aimed to improve SME performance in Albania by providing them with business advice from international advisers and local consultants, as well as to transfer industry know-how to SMEs in this country through the dissemination of best practices and success model and to strengthen the quality and supply of Albanian business advisory services. |
| 2014 | Support to participation in Union Programmes (EUR 1.000.000) | For participation in H2020 2015, the EU finances 51.5 % (EUR 515.000) of the costs of the entry ticket For participation in COSME 2015, the EU finances 80 % EUR 190.000) of the costs of the entry ticket |
| 2015 | Support to participation in Union Programmes (EUR 1.000.000) | For participation in H2020 2016, the EU finances 34 % (EUR 375.000) of the costs of the entry ticket For participation in COSME 2016, the EU finances 80 % EUR 189.000) of the costs of the entry ticket |

| Year | Albania total (€) | PSD/Comp (€) | PSD/Comp (%) |
|------|-------------------|--------------|--------------|
| 2010 | 83.2 | 0 | 0.0 |
| 2011 | 82.0 | 2.4 | 2.9 |
| 2012 | 81.6 | 2.2 | 2.7 |
| 2013 | 82.0 | 2.0 | 2.4 |
| 2014 | 66.8 | 0.7 | 1.0 |
| 2015 | 89.9 | 0.6 | 0.7 |

3. Bosnia and Herzegovina

| Year*) | Title | Explanatory notes |
|--------|--|--|
| 2010 | None | |
| 2011 | Support for the improvement of the institutional and legal framework as well as the coordination and harmonisation of private sector development related public policies (EUR 7,000,000) | <p>Purpose: to strengthen the enforcement capacity and knowledge regarding intellectual property rights (Component I),</p> <ul style="list-style-type: none"> – to strengthen the information and educational function of the BiH Institute for Intellectual Property (Component II), – to develop further the capacity of the BiH Competition Council (Component III), – to develop the institutional capacity of MoFTER and related institutions for the successful implementation of IA/SAA, WTO, CEFTA, EFTA and further trade negotiations (Component IV), – to implement obligations deriving from the IA/SAA and Multilateral/Bilateral agreements by the Indirect Taxation Authority (ITA) and improvement of the performance of the ITA (Component V). <p>Implementation:</p> <p>Component I: one service contract (EUR 1 500 000), tendered in Q4/2012.</p> <p>Component II: one service contract signed Q2/2014 and one supply contract (EUR 0.3 M) to tendered by Q3/2012</p> <p>Component III: one service contract (EUR 1 380 000) and one supply contract (EUR 120 000) tendered in Q1/2013 and Q3/2015.</p> <p>Component IV: one service contract (EUR 1 166 190 000), tendered Q1/2015 and one supply contract (EUR 100 000), tendered Q3/2012.</p> <p>Component V: one Twinning contract (EUR 2 000 000); call to be published in Q2/2012.</p> <p><i>Components III and V do not fit the definition of PSD/Competitiveness as used for this evaluation</i></p> |
| 2011 | Support to the Local Economic Development in Bosnia and Herzegovina (EUR 5,200,000) | <p>Purpose: To support the implementation of measures at the local level which will contribute to improve the institutional framework for the SME sector support improvements in innovation and competitiveness and contribute to improvements in the business environment.</p> <p>Implementation: A grant scheme for the development of local partnerships to enhance support to SMEs, call for proposals (EUR 3,000,000) published in Q3/2013. Additional EUR 2,200,000 allocated from the same programme to fund in total 11 grant contracts.</p> |
| 2012 | Establishment of the State Aid System (EUR 2,500,000) | <p>Project objectives: To ensure a competitive and transparent economic space, greater control of public spending and fulfilment of obligations deriving from international treaties containing provisions on the state aid.</p> <p>Implementation: One service contract tendered in Q1 2014 and one supply contract tendered in Q2/2016 (EUR 2,500,000).</p> |
| 2013 | Support to SME competitiveness (EUR 2 million) | <p>Sector objectives: to make SMEs in BiH more competitive in internal as well as external markets, by transposition of EU best practices in implementation of the SBA</p> <p>Implementation: One contribution agreement with the EBRD signed in Q4/2014.</p> |
| 2014 | Support to participation in EU Programmes (EUR 0.6 million) | <p>Objective: ensure participation of BiH in EU programmes by co-financing the costs of the entry-tickets/participation in various areas; relevant here: Competitiveness of enterprises and SMEs (COSME)</p> |
| 2014 | Local Development programmes (EUR 6,000,000) | <p>Part of the action: “Integrated local development” with a total allocation of EUR 10 million, the other part (local employment partnerships) falls outside the PSD/Competitiveness definition. Under the UNDP project, <i>PSD-related actions are also limited, and estimated to consume maximum 30% of the allocation.</i></p> <p>Objective: to stimulate economic activity and employment and promote social inclusion through integrated local</p> |

| Year*) | Title | Explanatory notes |
|--------|--|--|
| | | development, by improving local governance and public service delivery, address municipal infrastructure needs, stimulate employment and support sustainable livelihoods and social needs of local communities, in particular among returnees/refugees and internally displaced persons and households affected by the 2014 floods. Implementation: one contribution agreement with UNDP (no target date) |
| 2014 | Strengthening SMEs' competitiveness from Special Measure on Flood Recovery and Flood Risk Management Programme | Objective: to re-establish and improve competitiveness of selected business locations and SMEs. The action supports the recovery process of flood affected SMEs and municipalities and improves SME competitiveness in the context of an integrated local development approach. The assistance enhances access to finance for SMEs of the wood, metal and agribusiness sector and will contribute to improved competitiveness of SMEs in selected business locations through local partnerships and implementation of value chain initiatives. Implementation: indirect management – Delegation Agreement with GIZ signed in Q4 2015. |
| 2014 | SME Competitiveness Support Facility (EUR 4,000,000) | Objective: to improve the competitiveness of SME and to enhance access to finance for SMEs through investment loans (financed by the EBRD), grants and TA support (financed by IPA). Implementation: indirect management – Delegation Agreement with EBRD signed in Q4 2015. |
| 2015 | Support to participation in EU Programmes (EUR 4,610,200) | Objective: to ensure participation of BiH in EU programmes by co-financing the costs of the entry-tickets/participation fees to be paid in areas such as research and innovation, culture and audio-visual activities, education, customs and fiscal policies, justice, health, competitiveness of enterprises and SMEs. The action will also support participation of Bosnia and Herzegovina in the Programme for International Student Assessment (PISA) in 2018. <i>It is estimated that 25% of the allocation is meant for H2020 and COSME participation</i> |

| Year | BiH total (€) | PSD/Comp (€) | PSD/Comp (%) |
|------|---------------|--------------|--------------|
| 2010 | 98.3 | 0 | 0 |
| 2011 | 91.3 | 6.5 | 7.1 |
| 2012 | 84.8 | 2.5 | 2.9 |
| 2013 | 41.9 | 2.5 | 6.0 |
| 2014 | 39.7 | 6.4 | 16.1 |
| 2015 | 37.2 | 1.1 | 3.0 |

4. Kosovo

| Year*) | Title | Explanatory notes |
|--------|--|--|
| 2010 | Regional economic development (21€ total allocated budget, out of which roughly 8.5 million dedicated to PSD-related interventions) | The programme has 2 components: Component 1 - Consolidation EURED process; Component 2 – Municipal Infrastructure (except business infrastructure) Under the first component, relevant for this evaluation, Regional Development Agencies (RDAs) are supported to become recognised by Government, business community and civil society as promoters of regional development and the European Union Regional Economic Development (EURED) Grant Scheme is implemented in five economic regions and minorities. The GS aims to put in place the conditions for competitive businesses and business related small scale infrastructure projects with the final objective to create jobs. The beneficiaries are in most cases Municipalities or business/sector support organisations (e.g. CARE Deutschland, Macedonian Enterprise Development Foundation), |
| 2011 | Regional economic development (6,2 M€ total allocated budget, out of which roughly 5 M€ dedicated to PSD-related interventions) | Under Component 1 of the interventions the RDAs receive support to implement the regional strategies already prepared in each of the five economic regions of Kosovo through a Grant Scheme. Projects implemented under the Grant Scheme should contribute to the economic development of their region and applies the same principles as in the previous year. |
| 2011 | Economic development - Intellectual Property Rights (1M€) | The purpose of the project was to strengthen the administrative capacities in the sector of intellectual property rights, further align the IP legislative framework with the relevant parts of the EU acquis, and raise awareness in Kosovo of the importance and the benefits of an effective IP system. |
| 2012 | Balanced Regional Development (15,6 M€ total allocated budget, out of which roughly 3 M€ dedicated to PSD-related interventions) | Under Component 2 of the project support is lent for the implementation of the EURED Grant Scheme (€ 3.0 million IPA Contribution). The GS applies the same principles as in the previous 2 years. |
| 2013 | Trade and Private Sector Development (7,5 M€) | The project is implemented through three key activities: Activity 1 – Support to trade policies (enhancing the trade facilitation and negotiation expertise within MTI, in line with international trade requirements and EU best practices); Activity 2 – Increase of competitiveness and export promotion (internationalisation and performance boosting training and Kosovo Competitiveness Programme (KCP) developed and tested, export promotion policy designed); Activity 3 – Grants to SMEs (which assisted a selection of enterprises with viable plans and clear capabilities to take concrete steps to improve their competitiveness in both domestic and international markets). Activity 3 is implemented through a Contribution Agreement with the International Organisation for Migration (IOM). |
| 2013 | Balanced Regional Development (14,9 M€ total allocated budget, out of which roughly 5 M€ dedicated to PSD-related interventions – component 2) | Project is implemented through 3 activities: Activity 1 – Municipal Infrastructure (mainly education) (8 M€), Activity 2 - Local Economic Development (GS allocated 4.9 M€ IPA funds, including for business parks, business incubators), Activity 3 - Novobërdë/NovoBrdo pilot project for comprehensive regional development, implemented in joint management with UNESCO. |
| 2014 | Municipal Social and Economic Infrastructure (7,6 M€ in total, | The project aims to improve social and economic infrastructure in selected municipalities and to contribute to an enhanced capacity of selected municipalities to effectively manage municipal infrastructure projects. The project |

| Year*) | Title | Explanatory notes |
|--------|--|--|
| | including for business infrastructure) | envisages a high leverage of EU funds – for five (5) to ten (10) social and economic infrastructure schemes implemented with EU funds ten (10) to fifteen (15) social and economic infrastructure schemes should be implemented with Government of Kosovo budget. |
| 2014 | Support to Regional Economic Development | Under the programme the following activities are planned: implementation of a regional economic development GS, development of a manual for business support services, support and training for new business establishment and existing business, sub-granting to start-up businesses, marketing and communication activities for the ARDA network and RDAs. |
| 2015 | None | |

| Year | Kosovo total (€) | PSD/Comp (€) | PSD/Comp (%) |
|------|------------------|--------------|--------------|
| 2010 | 63.9 | 8.5 | 13.3 |
| 2011 | 62.8 | 6.0 | 9.5 |
| 2012 | 63.2 | 4.0 | 6.3 |
| 2013 | 65.8 | 12.5 | 19.0 |
| 2014 | 66.1 | 5.0 | 7.5 |
| 2015 | 81.0 | 0.0 | 0.0 |

5. Former Yugoslav Republic of Macedonia

| Year*) | Title | Explanatory notes |
|--------|---|---|
| 2010 | Capacity building to institutions involved in implementation of the Industrial Policy (EUR 2.673.000) | Purpose: to strengthen the capacity of the Ministry of Economy and other development stakeholders to implement and monitor proactive Industrial Policy which will enable them to design and execute efficient programs and action initiatives in support of the growth and competitiveness of industry. Implementation: one service contract; procurement procedure to start Q2 2011 |
| 2010 | Participation in Union Programmes and Agencies (EUR 4.782.000) | Purpose: to co-finance the costs of "entry-tickets" for participation in EU programmes and agencies, such as CIP and FP7 Implementation: Contracting is expected by Q2 2011. <i>The share of costs for FP7 and CIP is estimated at 20%</i> |
| 2011 | Implementation of the legal framework for bankruptcy and voluntary liquidation of companies (EUR 1.269.000) | Purpose: further harmonization with EU internal market acquis and improvement of the general business environment Implementation: one service contract of 24 months to be signed Q2 2013 |
| 2012 | Private sector development (EUR 5.536.301) | Project objectives: to improve the business environment and the institutional capacities in respect to increasing national competitiveness and to increase the market competitiveness and production efficiency of the companies Implementation: 1 twinning contract (EUR 742 105): Capacity building for compilation of business and financial statistics, publication of call for proposal foreseen for Q4 2015; 1 service contract (EUR 694 444): Capacity building of institutions supporting business environment, tendering foreseen for Q1 2016; 1 supply contract (EUR 356 667): |

| Year*) | Title | Explanatory notes |
|--------|---|--|
| | | <p>Purchase of IT equipment for establishment of one stop shop system for issuing business permits and licenses, tendering foreseen for Q1 2016; 1 service contract (EUR 444 444): Capacity building for e-inspectorates and PPPs, tendering foreseen for Q1 2016; 1 supply contract (EUR 480 000): Supporting the improvement of the country's business environment, publication of call for proposals foreseen for Q2 2015; 1 Twinning contract (EUR 700 000): Approximation of national legislation in the field of insurance with acquis and support to increasing market operations, publication of call for proposal foreseen for Q1 2015; 1 service contract (EUR 505 556): Innovation and access to finance, tendering foreseen for Q1 2016; 1 service contract (EUR 231 111) for the Institute for standardisation tendering foreseen for Q1 2016; 1 twinning light contract (EUR 249 474) for the Bureau of metrology tendering foreseen for Q1 2016; 1 Supply contract (EUR 780 000) for the Bureau of metrology tendering foreseen for Q1 2016; 1 Supply contract (EUR 240 000) for the Institute for standardisation tendering foreseen for Q1 2016</p> <p><i>Of the above, an allocation of 2.593.611 fits the definition of PSD/Competitiveness used for this evaluation.</i></p> |
| 2012 | Participation in Union Programmes and Agencies (EUR 10.235.000) | Objective: to co-finance the costs of the "entry-tickets" which the beneficiary has to pay for the participation in Union Programmes (such as Horizon 2020 and COSME) and Agencies. <i>It is assumed that 20% of the allocation is dedicated to H2020 and COSME.</i> |
| 2013 | Private sector development (EUR 2.041. 000) | Implementation: 1 supply contract (EUR 40 000): Purchase IT equipment for State Statistical Office; tendering foreseen for Q3 2016; 1 service contract (EUR 301 000): Data warehouse software development tendering foreseen for Q1 2016; 1 grant scheme (EUR 1 700 000): Enhancing socio-economic development, publication of call for proposal is foreseen for Q3 2016. <i>Only the last-mentioned grant scheme fits the definition of PSD/Competitiveness used for this evaluation.</i> |
| 2014 | Participation in Union Programmes (EUR 6,717,811) | Project Objective: to co-finance the costs of the "entry-tickets" which the beneficiary has to pay for the participation in Union Programmes (such as Horizon 2020 and COSME) and Agencies. <i>It is assumed that 20% of the allocation is dedicated to H2020 and COSME.</i> |
| 2014 | Local and Regional Competitiveness (EUR 18.000.000) | <p>Action objectives: to increase competitiveness at local and regional level by supporting municipalities in their integrated local development efforts with a view to stimulating local job creation.</p> <p>Implementation: contribution agreement with World Bank or UNDP; intended contract date not disclosed. Budget implementation tasks are to maximize local and regional competitiveness: capacity building and support to public administration bodies at all levels (national, regional, local); implementation of public infrastructure investments; capacity building and support to private sector, civil society and educational institutions.</p> <p><i>Estimation: 80% allocated to PSD/Competitiveness as defined for this evaluation</i></p> |
| 2015 | none | |

| Year | Macedonia total (€) | PSD/Comp (€) | PSD/Comp (%) |
|------|---------------------|--------------|--------------|
| 2010 | 36.9 | 4.6 | 12.5 |
| 2011 | 28.9 | 1.3 | 4.5 |
| 2012 | 28.2 | 5.0 | 17.7 |
| 2013 | 28.0 | 1.7 | 6.1 |
| 2014 | 52.7 | 15.7 | 29.8 |
| 2015 | 24.1 | 0 | 0.0 |

6. Montenegro

| Year*) | Title | Explanatory notes |
|--------|---|--|
| 2010 | Support for participation in Community Programmes (EUR 318,483) | Objective: to co-finance the costs of the "entry-tickets" in accordance with the relevant Memoranda of Understanding establishing Montenegro's participation in Community programmes, inter alia Competitiveness and Innovation, CIP and FP7. |
| 2011 | Support for participation in Union programmes (EUR 500,000) | Objective: to co-finance the costs of the "entry-tickets" in accordance with the relevant Memoranda of Understanding establishing Montenegro's participation in Community programmes, inter alia Competitiveness and Innovation, CIP and FP7. |
| 2012 | Support for participation in Union programmes (EUR 600,000) | Objective: to co-finance the costs of the "entry-tickets" in accordance with the relevant Memoranda of Understanding establishing Montenegro's participation in Community programmes, inter alia Competitiveness and Innovation, CIP and FP7. |
| 2013 | Support for participation in Union programmes (EUR 622,605) | Objective: to co-finance the costs of the "entry-tickets" in accordance with the relevant Memoranda of Understanding establishing Montenegro's participation in Community programmes, inter alia Competitiveness and Innovation, COSME and H2020. |
| 2014 | Participation in Union Programmes and Agencies (EUR 857 920) | Objective: to co-finance the costs of the "entry-tickets" in accordance with the relevant Memoranda of Understanding establishing Montenegro's participation in Community programmes, inter alia Competitiveness and Innovation, COSME and H2020. |
| 2014 | Enhancement of business environment and competitiveness of the private sector (EUR 1.500.000) | Action objective: to strengthen the administrative capacities and for coordination, planning and implementation within the Competitiveness and Innovation sector through targeted support for development, research and innovation. Produce OP 2016-2020. Implementation: not stated; probably one service contract |
| 2014 | Support to regulation of financial services (EUR 1.700.000) | Action objective: to further align the legislation related to financial services with the EU acquis and to strengthen the regulatory and supervisory capacities of the relevant institutions. Align regulatory framework in the banking sector, align legislation for the insurance market and harmonise the capital market regulation. Implementation: not stated; probably one service or twinning contract |
| 2014 | Alignment with and implementation of the EU internal market acquis (EUR 2.150.000) | Action objective: to align and implement the EU internal market legislation on free movement of goods and consumer protection. <i>This action is not part of PSD/Competitiveness as defined for this evaluation.</i> |
| 2015 | Participation in Union Programmes and Agencies (EUR 1,684,580) | Objective: to co-finance the costs of the "entry-tickets" in accordance with the relevant Memoranda of Understanding establishing Montenegro's participation in Community programmes, inter alia Competitiveness and Innovation, COSME and H2020. <i>Assumption is that 40% is related to PSD/Competitiveness.</i> |

| Year | Montenegro total (€) | PSD/Comp (€) | PSD/Comp (%) |
|------|----------------------|--------------|--------------|
| 2010 | 28.6 | 0.3 | 1.0 |
| 2011 | 26.5 | 0.5 | 1.9 |
| 2012 | 16.7 | 0.5 | 3.0 |

| Year | Montenegro total (€) | PSD/Comp (€) | PSD/Comp (%) |
|------|----------------------|--------------|--------------|
| 2013 | 12.5 | 0.6 | 9.2 |
| 2014 | 35.7 | 3.3 | 9.2 |
| 2015 | 25.1 | 0.6 | 2.4 |

7. Serbia

| Year*) | Title | Explanatory notes |
|--------|---|---|
| 2010 | Integrated Innovation Support Programme – 3 M€ | <p>Purpose: To increase competitiveness and economic growth in Serbia, through strengthening of innovation in SMEs in accordance to National Strategy for Development of Competitive and Innovative SMEs 2008-2013. The project includes two components: Component 1: Enhanced institutional capacity for efficient support to product and process innovation within SMEs and technology transfer Component 2: Instrument for financing of SMEs innovation Implementation: one service contract to be tendered in Q2 2010.</p> |
| 2011 | Enforcement of Intellectual Property Rights – 2.8 M€ | <p>Purpose: to further strengthen Intellectual property rights enforcement in Serbia with a focus on the fight against piracy so as prepare Serbia for participation in EU counterfeiting and piracy observation. Implementation: one direct grant to the European patent office. The indicative timetable for contracting is Q2 after the signature of the FA.</p> |
| 2011 | Socio economic development in the Danube Region – 18.5 M€ | <p>Purpose: To establish and develop the municipal business infrastructure and thus enable Serbia's Danube river bank municipalities to increase the competitiveness of the region, create new employment opportunities and raise the attractiveness of the Danube Serbia Region to foreign and local private sector investors. Implementation: one Delegation agreement (indirect centralised management) with the Austrian Development Cooperation and the Portuguese Institute for Aid and Development, to be contracted in Q4 after the signature of the FA The project has various components, most of which directly aim at supporting the PSD/Competitiveness sector. However, investments in water infrastructure are also part of the project. <i>There is no information on the division of budgets over components in the design documentation, but the assumption is that some 30% of the overall budget (EUR 5.5 million) is dedicated to PSD/Competitiveness.</i></p> |
| 2012 | Support to SME development – 6.2 M€ | <p>Project objectives: The project aims to increase productivity and competitiveness of the Serbian SME sector by providing tailor-made consultancy services and enhancing the capacity of local advisory service providers as well as improve e-business environment by strengthening the legal and institutional framework. Implementation: The project was implemented through two separate Components/contracts: Component 1: Business Advisory Services for SMEs through a contribution agreement (joint management) with the EBRD (EUR 3.481 million), planned to be contracted in Q1 after the signature of the FA Component 2: Improving e-business environment through one service contract. The foreseen timetable for contracting is Q3 after signature of the FA.</p> |
| 2013 | Private Sector Development Sector – 2.4 M€ | <p>Sector objectives: To improve the regulatory and administrative environment for doing business in Serbia; to increase the competitiveness of Serbian enterprises and industry in the EU market; and to increase investment in research and innovation.</p> |

| Year*) | Title | Explanatory notes |
|--------|--|--|
| | | <p>Implementation: The operation is implemented under centralised management by the World Bank by joint management with the European Commission.</p> <p>One service contract and one supply contract (6.75 M€) to be both indicatively tendered in in Q1 after the signature of the FA</p> <p>One twinning contract (0.9 M€) to be indicatively launched in in Q1 2014</p> <p>One direct grant agreement with the Serbian Innovation Fund (2.4 M€) to be signed in Q1 2014. <i>Only this agreement fits the definition of PSD/Competitiveness used for this evaluation.</i></p> |
| 2013 | European Partnership with Municipalities – European PROGRES – 7 M€ | <p>Project Objective: To improve local governance, and the conditions for business and infrastructure development in 34 municipalities in South and South West Serbia by increasing and/or strengthening planning and management capacities, and advancing business enabling environment, as well as enhancing implementation of social inclusion and employment policies.</p> <p>Implementation:</p> <p>Minimum one works contract (EUR 3.85 million) to be indicatively tendered in Q1 after the signature of the FA.</p> <p>One grant scheme (EUR 3.15 million) for small-scale economic and social infrastructure projects. Timetable for signing the grant agreements Q3/2015. <i>The portion of funding for PSD/Competitiveness is estimated at 15.</i></p> |
| 2014 | Support to the Competitiveness sector – 5 M€ | <p>Project objectives: (1) to improve access to finance and high value added service for companies; (2) to improve market integrity and environment conducive to market operators</p> <p>Implementation:</p> <p>Activity 1: prepare an ex-ante assessment for the implementation of financial instruments in order to establish proper management and funding system for the implementation of financial instrument identified</p> <p>Direct grant to EIB under direct management by the EUD. Indicative date for signing the grant agreement Q3 of 2015</p> <p>Activities 2-4: Provision of high value services to SMEs within business incubators; development of new products and services by SMEs through research commercialisation; improvement of capacities of market operators and regulators to reduce the number of breaches of competition rules. Indirect management with CFCU Serbia</p> |
| 2015 | none | |

| Year | Serbia total (€) | PSD/Comp (€) | PSD/Comp (%) |
|------|------------------|--------------|--------------|
| 2010 | 174.2 | 3.0 | 1.7 |
| 2011 | 178.5 | 8.3 | 4.6 |
| 2012 | 171.6 | 6.2 | 3.6 |
| 2013 | 145.6 | 3,9 | 2.7 |
| 2014 | 115.1 | 5.0 | 4,3 |
| 2015 | 196.6 | 0.0 | 0.0 |

8. Turkey

| Year*) | Title | Explanatory notes |
|------------------------------|---|---|
| | Regional | |
| 2010 | Participation in Union Programmes and Agencies in 2011, 67.6 M€ | <i>EU contributions related to CIP amount to 1.8 M€; related to FP7 this amount is 12.3 M€</i> |
| 2010 2011 2012 2013 | RCOP Priority axis 1: Improvement of business environment 317,556,256 Euros | <p>Purpose: The overall objective of the "Regional Competitiveness" programme is to increase the competitiveness of the poorest regions of Turkey by supporting enterprises. This objective will be achieved through four specific objectives: enhancement of physical and financial infrastructure, increasing business stock, increasing employment creation capacity of the productive sector and enhancing the added value of the production base.</p> <p>Implementation modalities: Measure 1.1: Development of Industrial Infrastructure Measure 1.2: Creation and Development of Financing Instruments Measure 1.3: Improvement of R&D, Innovation, Technology and ICT Environment and Infrastructure Measure 1.4: Improvement of Tourism Infrastructure, Promotion and Marketing Activities</p> |
| 2010 2011 2012 2013 | RCOP priority axis 2: Strengthening of Enterprise Capacity and Foster Entrepreneurship 17,761,319 Euros | <p>Purpose: This priority aims to improve the efficiency and added value produced by enterprises, by enhancing entrepreneurial capacity, as well as competitiveness and employment creation capacity of SMEs, through the provision of basic information support and consultancy services, particularly to start-ups, and strengthening clustering and networking activities.</p> <p>Implementation modalities: Measure 2.1: Providing Basic Information and Consultancy Support for Enterprises Measure 2.2: Strengthening of Cooperation in Industry Corporate Sector</p> |
| 2011 | Participation in Union Programmes and Agencies in 2012, 66.3 M€ | <i>EU contributions related to CIP amount to 1.4 M€; related to FP7 this amount is 10 M€</i> |
| 2012 | Participation in Union Programmes and Agencies in 2013, 67.9 M€ | <i>EU contributions related to CIP and FP7 not given; assumption: 12.0 M€</i> |
| 2013 | Participation in Union Programmes and Agencies in 2014, 71.2 M€ | <i>EU contributions related to CIP and FP7 not given; assumption: 13.0 M€</i> |
| 2014 | Participation in Union Programmes and Agencies in 2015 and 2016 167.3 M€ | <i>EU contributions related to COSME amount to 4.0 M€; related to H2020 this amount is 31.3 M€</i> |
| 2014 | Action 1 - Private sector | Purpose: |

| Year*) | Title | Explanatory notes |
|--------------|---|--|
| 2015 | development 20 570 000 Euros (2014) 25 410 000 Euros (2015) | The PSD Action aims at improving the total factor productivity of the national economy with a specific emphasis on transforming the manufacturing industry, and increasing its competitiveness. Implementation modalities: Activity 1.1. Transformation of the manufacturing industry Activity 1.2. Services and creative industries |
| 2014 2015 | Action 2 - STI 13 090 000 Euros (2014) 16 170 000Euros (2015) | Purpose The objective of STI Action is to improve the national innovation environment by boosting industry engagement in STI through public private partnerships (including but not limited to university-industry collaboration) and improving SMEs' innovation management capacity. Implementation modalities: Activity 2.1 Research and development. Activity 2.2 Technology transfer and commercialization |

| Year | Turkey total (€) | PSD/Comp (€) | PSD/Comp (%) |
|------|------------------|--------------|--------------|
| 2010 | 644.2 | 83.2 | 12.9 |
| 2011 | 772.2 | 80.5 | 10.4 |
| 2012 | 879.6 | 81.1 | 9.2 |
| 2013 | 925.3 | 82.1 | 8.9 |
| 2014 | 620.4 | 89.0 | 14.3 |
| 2015 | 626.4 | 41.6 | 6.6 |

ENI South

9. Multi-country (regional) programme

| Year | Title | Explanatory notes |
|------|--|---|
| 2011 | MENA Fund for Micro-, Small and Medium Enterprises (SANAD) - NIF | Project objectives: The project aims to foster employment creation, especially among the youth, and economic development in the MENA region through the sustainable provision of finance to MSMEs via qualified and eligible local financial intermediaries. It is operating in Egypt, Jordan, Lebanon, Morocco, the Palestinian Territories and Tunisia. Algeria, Iraq, Syria and Yemen are also eligible, but for a variety of reasons SANAD has currently no activities there except limited TA in Iraq and Yemen. It also aims to foster employment creation, especially among the youth, and economic development in the MENA region through the sustainable provision of finance to MSMEs via qualified and eligible local financial intermediaries. EU funding 10.24 M€. Implementation: Contractor Signature Date 11/08/2011. Final Date for Implementation 31/12/2026. |
| 2011 | Southern and Eastern Mediterranean Project Preparation Framework to fast-start EBRD support to | Purpose: The NIF contribution allows the EBRD to prepare investment operations in countries of the Southern and Eastern Mediterranean. The NIF finances technical assistance for the preparation of investment projects in the following priority sectors: |

| Year | Title | Explanatory notes |
|------|--|---|
| | the region - NIF | <ul style="list-style-type: none"> • Modernisation of the agribusiness value chain to improve food security, enhancing the efficiency of farming techniques including water usage, strengthening the distribution chain, and developing this sector that accounts for a high share of the country's employment; • Modernisation of the financial sector so as it can contribute to support economic growth; • Increase of the role of clean sources of energy and improvement of energy efficiency so as to improve energy security and enhance economic competitiveness with a cleaner environment; • Mobilisation of private sector power, energy and transport infrastructure investment that will accelerate economic development; • Decentralisation of municipal infrastructure development in order to improve the quality of urban public services. <p>Total facility contribution 15 M€. Total budget: 15 M€.</p> <p>Implementation: Contract signed on 28 November 2011. Approved by the Board of the NIF on the 15th November 2012. Geographical coverage was initially Morocco, Tunisia and Egypt, having been expanded to Jordan by Addendum nr 1. Implementation period: 36 months, starting on 09/11/2011, extended by Addendum nr 2 to 72 months and 18 days.</p> |
| 2011 | TAM/BAS In Egypt, Morocco, Tunisia - NIF | <p>Purpose: The General Objective (GO) of the programme is to support economic transition and to achieve enterprise change in viable Micro, Small and Medium Enterprises (MSMEs) across a broad range of sectors. The Specific Objectives (SO) include: Enhanced competitiveness of assisted MSMEs (increased exports, productivity and sales, new foreign contacts, production technology, changes in product ranges and production processes); stimulated sectors with high growth potential (through disseminated best practices, shared successful models); strengthened and sustainable infrastructures of local business advisory services (increased supply of services, broadened range of services, increased consolidation of the industry). Funding from EU NIF* € 5.0 million; Funding from other sources* € 9.2 million; Total budget* € 14.2 million (*Excludes client contributions)</p> <p>Implementation: Countries: Egypt, Morocco, Tunisia. Duration: 2 years. Project target: 530 project (of which 333 under EU NIF)</p> |
| 2013 | Enhancement of the business environment in the southern Mediterranean (EBESM) | <p>Purpose: To contribute to the improvement of the business enabling environment for Micro, Small and Medium Enterprises (MSME) in the ENP-South region in line with EU best practices through the strengthening of the technical expertise and capacity of targeted public and private stakeholders. Additionally, the project aims at raising awareness and strengthening the policy dialogue around MSME development issues, including access to finance, in particular to give greater attention to SMEs as creators of employment. This is expected to expand the private sector in the region through the development of more robust, inclusive and sustainable growth. Total budget 2,979,850 €, fully financed by the EU.</p> <p>Implementation: The Project was initiated in January 2014 and is planned to end on 31 January 2017. The Project is based in GIZ IS offices in Brussels with activities implemented throughout the ENP South Region and in the EU.</p> |
| 2013 | Euro-Mediterranean Trade and Investment Facilitation Mechanism (Euro-Med TIFM) | <p>Purpose: The general objective is to facilitate closer economic ties between the EU and South Mediterranean countries as well as to improve economic integration between these countries. The specific objective of the Action is the development and opening to the public of the Euro-Med "TIFM" on-line information service and associated help-desk. Maximum EU financing of 1,534,056 € (98% of eligible costs of 1,565,364 €).</p> |

| Year | Title | Explanatory notes |
|------|---|---|
| | | Implementation: Grant contract signed with the International Trade Centre (ITC) on December 2013. Total implementation period 36 months. |
| 2013 | Euromed Invest | <p>Purpose: The project complements and contributes to current actions funded by the EU and other donors, with the main purpose of fostering the development of a conducive business environment, developing quality Euro-Mediterranean networks providing adequate support and services for investing MSMEs and to demonstrate the potential of cultural and creative industries in promoting inclusive growth. EU funding 5 M€.</p> <p>Implementation: Contract number: ENPI/2013/331-180. Implementation period: December 2013 to December 2016.</p> |
| 2013 | SME Guarantee Facility (Jordan, Egypt, Morocco, Lebanon, Tunisia) - NIF | <p>Purpose: The facility will provide the banks with an effective risk management tool, thereby increasing their capacity to absorb increased demand from SMEs in the region. By supporting the SME finance sector, the facility aims to bridge the gap between financial services and small businesses and to contribute towards greater financial inclusion in the region. The overall objective of the project is job creation and sustainable growth in the region. Total facility contribution 24 M€; Total budget 320 M€.</p> <p>Implementation: The project is a regional multi-year risk sharing facility organised by IFC, EIB, AfD and OFID (the IFI partners). Several individual operations will be signed with local commercial banks under the facility. Such operations will provide the banks selected under the facility with a partial credit risk guarantee covering the losses incurred under their portfolios of eligible loans to SMEs, to be set up according to eligible criteria. The project is a joint response to the Deauville Partnership, which aims at fostering support to SMEs across the region following the Arab spring events.</p> |
| 2013 | Support to private sector development and inclusive growth - TA support to the development of culture and creative industries | <p>Purpose: The objective of this action is to foster entrepreneurial co-operation in the culture and creative Industries. The action will provide financial and technical support to pilot cluster projects in these sectors.</p> <p>Expected results:</p> <ul style="list-style-type: none"> • At least one promising cluster initiative per target country will receive technical assistance and business advice specific to clusters in CCIs; they will be further supported through the acquisition of new equipment • A mapping of clusters and value chains in cultural and creative industries in each target country will be produced • Plans will be devised for national Governments to replicate the project's activities and create linkages with financial institutions and other development partners • Communication platform for information dissemination and knowledge sharing will be enabled; communication activities will strengthen clusters' market access activities and provide increased visibility for all involved, especially donors. <p>Total budget 5.6 M€ ; Total EU contribution 5 M€.</p> <p>Implementation: Following a competitive call for proposals inviting companies, associations and institutions to request technical assistance with the formation of clusters, the project "Development of clusters in cultural and creative industries in the Southern Mediterranean" will select and provide assistance to at least one cluster in each one of the target countries —Algeria, Egypt, Jordan, Lebanon, Morocco, Palestine and Tunisia.</p> <p>Clusters will be chosen by project counterparts, donors, and public and private stakeholders in each country using a pre-agreed cluster-ranking matrix that will consider, among other factors, a cluster's potential for developing products rooted in the country's cultural heritage, for creating jobs, and ultimately for promoting inclusive and sustainable industrial development.</p> |

| Year | Title | Explanatory notes |
|------|---|--|
| | | <p>The selected clusters will be strengthened using the methodology for clusters and business linkages developed by the United Nations Industrial Development Organization (UNIDO) as well as through capacity building based on the UNIDO strategy for cultural and creative industries. They will also be assisted with entering new markets and forming partnerships with public and private entities.</p> <p>The project will also identify existing and potential clusters and value chains in cultural and creative industries in the targeted countries. Workshops, regional meetings and other capacity building activities will be organized to foster the exchange of best practices and success stories.</p> <p>Moreover, the project will support the implementation of an enhanced policy framework conducive to clustering in cultural and creative industries, thus promoting the up scaling and replication of technical cooperation activities to increase employment opportunities and inclusive development throughout the region.</p> <p>Special attention will be given to establishing business linkages between cluster support institutions in the Southern Mediterranean and in the European Union, as well as between international buyers (retailers and manufacturers) and local suppliers (to increase sustainable sourcing).</p> <p>The project's endeavours will be strengthened by a comprehensive communication strategy, which will inform, promote and advocate while supporting the selected clusters with accessing markets. Communication activities will generate visibility for all involved and spearhead interactions and collaboration with other initiatives and programmes.</p> <p>Funded by the European Union with a contribution from the Government of Italy, the project is implemented by UNIDO and will complement and add value to current and future activities funded by the European Union and other donors in the Southern Mediterranean. Further regional activities will be undertaken under the auspices of the Union for the Mediterranean, which will act as a forum and platform for information exchange and knowledge sharing.</p> <p>The project has been attributed the Union for the Mediterranean label as an acknowledgement of its potential to deliver concrete benefits to the citizens of the Euro- Mediterranean region.</p> <p>Implementation period: 2013-2017.</p> |
| 2013 | Support to trade development in Southern Mediterranean through the Agadir Agreement – Phase III | <p>Purpose: The aim of the action is to contribute to trade development and economic integration in the Southern Mediterranean through the implementation of the Agadir Agreement, as a milestone towards the realisation of a Euro-Mediterranean free trade area. The objective of the EU project is the consolidation of the institutional framework set up under the Agadir Agreement for establishing a Mediterranean Free Trade Area, including the sustainability and credibility of the Agadir Technical Unit (ATU) as an international body, having the necessary capacity to facilitate regional economic integration and to serve the trade development needs of government and private sector in the Member Countries. Total budget 4.33 M€; Total EU contribution 4 M€.</p> <p>Implementation: The indicative operational implementation period is 40 months.</p> |
| 2014 | Risk Capital Facility for the South Neighbourhood - NIF | <p>Purpose: To provide access to equity and debt finance to SMEs and MSMEs in the region in order to trigger private sector development, economic growth and private sector job creation. The Risk Capital Facility for the Southern Neighbourhood will provide access to equity and debt financing to SMEs in the Mediterranean region in order to support private sector development, inclusive growth and private sector job creation. It was set up by the European Commission and EIB, building on the success of the ENPI -FEMIP Risk Capital mandate 2007-2013, which was fully deployed despite the unprecedented geopolitical turmoil in the target region. This is a blending instrument under the Neighbourhood Investment Facility (NIF). Total facility contribution 25.6 M€; Total budget 1,000 M€. The NIF grant includes €2.5 million to be utilised for technical assistance</p> |

| Year | Title | Explanatory notes |
|------|--|---|
| | | <p>and capacity building services to financial intermediaries and/or the SMEs and MSMEs which are the end beneficiaries of the facility.</p> <p>Implementation: Year of approval: 2014. Contract signed on December 2015. Period of implementation: 2016-2032. Lead financing institution: European Investment Bank (EIB). Types of Support: Risk Capital; Technical Assistance. Due to the establishment of this risk capital facility, €130 million is expected to be channelled to 98 000 SMEs and MSMEs in the region, creating and/or sustaining over 620 000 jobs, including significant integration of women in the workforce.</p> |
| 2014 | Small Business Support (SBS) programme -Phase II - in Egypt, Jordan Morocco and Tunisia (EBRD - NIF) | <p>Purpose: The Project is the continuation of the EU NIF-funded Small Business Support activities in the Southern Neighbourhood region ('Phase I' ended in 2015). The Project is built on the notion that SMEs need know-how and finance to develop and grow. It is designed to assist SMEs in Egypt, Morocco, Tunisia and Jordan in enhancing their competitiveness and ability to access external financing. The Project will facilitate SME access to high quality business support services, enhance managerial capacity in all areas, with a focus on financial literacy, and strive to develop the capacity of the local consultancy market to deliver needed services. The Project is based on the positive results from Phase I and positive feedback from SMEs, local stakeholders, EU Delegations and other private sector development initiatives active in the countries. Funding from EU NIF* € 20.6 million; Funding from other sources* € 5.0 million; Total budget* € 25.6 million (*Excludes client contributions)</p> <p>Implementation: Countries: Egypt, Morocco, Tunisia, Jordan. Duration: 4 years. Project target: 1,314 projects.</p> |
| 2015 | MED 5P – PPP Project preparation facility (phase2) - NIF | <p>Purpose: The primary objective of MED 5P is to unblock a number of PPP projects in Egypt, Jordan, Lebanon, Morocco and Tunisia. By doing so, the facility is expected to produce a demonstration effect and promote wider and more efficient usage of PPP schemes for the implementation of infrastructure investments in the region. MED 5P operations are designed to contribute to the implementation of EU policy objectives in the countries involved. In particular, they will seek to contribute to:</p> <ul style="list-style-type: none"> • The advancement towards an integrated infrastructure in the whole Mediterranean region; • The promotion of good governance in the procurement of PPPs; and • The mitigation of climate change and adaptation to its effects. <p>Funding from EU NIF € 5.0 million; Total budget € 15 million (as stated on EIB's Fiche)</p> <p>Implementation: MED 5P is a joint initiative led by the European Investment Bank (EIB), in collaboration with the other MED 5P partner organisations: Agence Française de Développement (AFD), the European Bank for Reconstruction and Development (EBRD) and Kreditanstalt für Wiederaufbau Bankengruppe (KfW). The Union for the Mediterranean (UfM) participates in the steering committee of the facility as an observer.</p> <p>Countries: Egypt, Jordan, Lebanon, Morocco and Tunisia.</p> <p>MED 5P supports the preparation, procurement and implementation of individual PPP projects. MED 5P support includes:</p> <ul style="list-style-type: none"> • Grants to fund the technical, legal and financial consultancies required to develop, structure and procure an individual PPP project; and • Technical support for procurement and the supervision of the consultancies funded by MED 5P grants. |
| 2015 | SEMED MSME Financial | <p>Purpose: To improve financial inclusion for MSMEs in Egypt, Jordan, Morocco and Tunisia in a sustainable manner; to</p> |

| Year | Title | Explanatory notes |
|------|----------------------------------|---|
| (?) | Inclusion programme (EBRD - NIF) | <p>develop sustainable financial products suitable specifically for MSMEs; to support MSMEs in accessing finance for their sustainable growth as well as advice and market know-how; to support development of policies tailored to the needs of MSMEs. Total facility contribution 27 M€; Total budget 264 M€. The NIF grant includes €2 million to be utilised for technical assistance & policy dialogue, including visibility & communication.</p> <p>Implementation: SME Credit lines and capacity building to local financial institutions.</p> <p>Expected Results and Cross Sector Indicators:</p> <ul style="list-style-type: none"> • Total number of MSMEs served: 3,000 MSMEs are expected to benefit from the Program through increased access to Finance • Employment sustainability: The facility will contribute to sustaining 15,000 jobs in the SEMED region • Financial Inclusion of underserved segments: 20% of the Program amount will be used to finance women led businesses • 25% of the Program amount will be used to finance SMEs located outside of the capital of each country |

| Year | Total (M€) | PSD Comp (M€) | PSD Comp (%) |
|-----------|------------|---------------|--------------|
| 2010 | 92 | 32 (FEMIP) | 35% |
| 2011-2013 | 288 | 124 | 43% |
| 2014-2017 | 1,775 | 976 | 55% |
| Total | 2,155 | 1,132 | 52% |

10. Algeria

| Year | Title | Explanatory notes |
|----------|---|---|
| 2008 (*) | Programme d'Appui à la Diversification de l'Économie en Algérie (DIVECO 1) – 17.5 M€ | <p>Purpose: To support the national diversification strategy in three key sectors: agriculture, agro-food industry and tourism. Total budget 20 M€, of which 17.5 M€ financed by the EU.</p> <p>Implementation: From 11 January 2011 to 29 March 2015 (the end of the implementation period, as per the Financing Agreement signed on December 29, 2009), over a period of 51 months.</p> |
| 2011 | Structuration du secteur de l'économie sociale, solidaire et innovante et soutien au développement de l'entrepreneuriat des jeunes – 6 M€ | <p>Purpose: This service contract is part of the Youth Employment Support Programme (PAJE), the aim of which is to accompany the Algerian government in its national policy for youth and employability and integration of young people. The programme is part of an inter-sectorial approach. Some of the planned actions to be implemented in 4 pilot wilayas (Oran, Annaba, Khenchela, Bechar).</p> <p>Component 1: To support the recognition of the social, solidarity and innovative economy as an economic sector in its own right, and creating new activities and employment for young people.</p> <p>Component 2: To support the experimentation of innovative devices favouring youth entrepreneurship in Algeria and in four pilot wilayas in particular.</p> <p>Implementation: One service contract be tendered in Q4 2015.</p> |
| 2011 | Programme d'appui aux PME/PMI et à la maîtrise | <p>Purpose: To contribute to the modernisation and development of Algerian small and medium-sized enterprises. Under the supervision of the Ministry of Industrial Development and Promotion of Investment, the Programme encompasses consultancy,</p> |

| Year | Title | Explanatory notes |
|------|---|--|
| | des technologies d'information et de communication (PME II) – 40 M€ | <p>training and studies in the fields of SMEs upgrading, Quality and Institutional development.</p> <p>The Ministry of Industrial Development and Investment Promotion and the Ministry of Post and Information and Communication Technologies, as well as the agencies and bodies operating under their supervision, constitute the institutional beneficiaries of the Programme.</p> <p>Professional associations are the privileged partners of PME II for the setting up of public/private partnership projects for the development of productive sectors and Quality infrastructure.</p> <p>A network of Centres of Expertise specialised in the areas of SMEs upgrading, Quality and Institutional development supports the Programme and its beneficiaries.</p> <p>Total budget 44 M€, of which 40 M€ financed by the EU.</p> <p>3 Technical Assistance Components:</p> <ul style="list-style-type: none"> • Support to SMEs • Quality Support • Institutional Support <p>Implementation: Three service contracts, one per Component. All contracts signed on February 2012:</p> <ul style="list-style-type: none"> • Support to SMEs: 10 M€, 30 months. • Quality component: 6,4 M€, 27 months (not considered within the scope of this evaluation) • Institutional development: 4.2 M€, 24 months |
| 2012 | Assistance technique d'appui à la mise en œuvre du programme d'appui à la diversification de l'économie — Secteur de la pêche (DIVECO 2) – 7.5 M€ | <p>Project objectives: The overall objective is to contribute to making the Algerian economy more diversified and less dependent on hydrocarbons. The specific objective is to increase the contribution of the fisheries and aquaculture sector to the diversification of the economy through sustainable development and improving economic performance.</p> <p>Implementation: One service contract be tendered in Q4 2015.</p> |
| 2013 | Programme d'appui à la mise en œuvre de l'accord d'association (P3A-III) Algérie-Union européenne – 2.9 M€ | <p>Purpose: To support the Algerian administration and all institutions contributing to the implementation of the Association Agreement (AA), by providing them with the expertise, technical assistance and working tools necessary to achieve the objectives of the Agreement. The programme primarily targets the economic and trade aspects of the Association Agreement. The programme comprises institutional twinning arrangements and technical assistance and information exchange operations with Member State administrations (TAIEX). The objectives of P3A are to: Support the administrations (whose requests are retained) by providing direct support through institutional twinning and technical assistance and information exchange operations; To train Focal Points for intervention instruments (twinning and TAIEX) in order to appropriate respective management capacity; To ensure the gradual succession of permanent technical assistance by national staff setting up adequate operational, administrative and financial management systems.</p> <p>Implementation: The operation is implemented mostly through institutional twinning arrangements and technical assistance, information exchange operations with Member State administrations (TAIEX) and support for the improvement of public institutions and management systems (SIGMA).</p> <p>This evaluation covers two sample projects within the overall P3A III: Algex and Stratégie d'Innovation Industrielle.</p> |

| Year | Title | Explanatory notes |
|---|-------|-------------------|
| (*) Although programming year is earlier than 2010, this project is considered in result of the specific request received from the EUD in Algeria regarding the sample projects to be analysed in this country. Actual project implementation matches the relevant evaluation period. | | |

| Year | Total (M€) | PSD Comp (M€) | PSD Comp (%) |
|-----------------|------------|---------------|--------------|
| 2010 | 54 | 30 | 56% |
| 2011 | 60 | 60 | 35% |
| 2012 | 62 | | |
| 2013 | 50 | | |
| 2014 - 2017 | ca. 130 | ca. 40 | 30% |
| Total 2010-2017 | Ca. 356 | Ca. 130 | 36% |

11. Egypt

| Year | Title | Explanatory notes |
|------|---|---|
| 2010 | Research Development and Innovation Programme Phase (RDI) II (20 M€) | <p>Purpose: The project is the follow-up of a similar programme (RDI I) and aims to support the Egyptian Government to move towards a knowledge based economy through the strengthening of the Innovation Support Unit which administers the Egypt Innovation Fund (Component 1); the establishment of a research networking unit responsible with support to researchers, identification of sources of funding and integration of Egypt researchers in the European Research Area and MPC network (component 2); upgrading research capabilities in existing centres of excellence.</p> <p>Implementation: The project is implemented mainly through grants (including under the Innovation Fund II) and service contracts.</p> |
| 2011 | Trade and Domestic Market Enhancement Programme (TDMEP) (20 M€) | <p>Purpose: The main beneficiary of the programme is the Ministry of Industry and Foreign Trade. Under Component 1, Foreign Trade, export promotion and trade agreements, technical advice, capacity building and institutional development services are provided to the ministry and related actors, public and private. Under the second component, Industrial development and quality infrastructure, the focus is placed on national quality infrastructure, promotion of industrial policies and adequate regulatory environment to facilitate the signing of Agreements for Conformity Assessment and Acceptance with the EU.</p> <p>Implementation: The programme is implemented through service and supply contracts.</p> |
| 2015 | Promoting Inclusive Economic Growth in Egypt (PIEG) (15 M€ EU contribution) | <p>Purpose: A programme with a budget of 16 M€ (out of which 15 M€ from EU contribution), focused on 2 major components (MSMEs and tourism), with TA contracts and grant schemes as implementation modalities:</p> <ul style="list-style-type: none"> • Component 1: the capacities to promote an inclusive economic growth are promoted. • Component 2: more inclusive socioeconomic development is achieved in selected sub-sectors of the economy and/or specific locations. <p>Implementation:</p> <p>Component 1:</p> <ul style="list-style-type: none"> • Procurement (direct management) – Call for tenders: Institutional and Capacity Building (MSMEs) 2.5 M€ |

| Year | Title | Explanatory notes |
|------|-------|---|
| | | <ul style="list-style-type: none"> Procurement (direct management) – Call for tenders: Institutional and Capacity Building (Heritage and Tourism) 1.5 M€ Component 2: <ul style="list-style-type: none"> Grants on MSME development (direct management) 5 M€ Grants on Heritage and Tourism development (direct management) 5 M€ |

| Year | Total (M€) | PSD Comp (M€) | PSD Comp (%) |
|-------|------------|---------------|--------------|
| 2010 | 192 | 20 | 10.5% |
| 2011* | 122 | 20 | 16,3% |
| 2012* | 130 | - | - |
| 2013 | 47 | - | - |
| 2014 | 30 | - | - |
| 2015 | 49 | 15 | 30,5% |

* Parts I and II

ENI East

12. Multi-country (regional) programme

The table below is based on official documents and a multitude of interviews, yet is inaccurate and contains many question marks. See the grey highlights.

| Year*) | Title | Explanatory notes |
|--------|--|---|
| 2009 | East Invest I and II (7.0 +6.5 M€) | A trade facilitation project that contributes to economic development in the EaP region, in particular by supporting the improvement of its competitiveness, with an emphasis on SMEs. Develops mechanisms encouraging new flows of foreign direct investment, strengthens the on-going investment promotion process between the EU and the EaP countries, as well as between the EaP countries themselves, contributing to the enhancement of trade in the region. Countries covered: Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine Timeframe: 2010-2013 and 2010-2019 |
| 2010 | Eastern Partnership – SME Finance Facility (15 M€ or 30 M€, no clear info) | Part of NIF; Regional SME Finance Facility covering all eligible EaP Countries, which combines EBRD, EIB and KfW loans or guarantees to participating financial intermediaries (PFIs), for on-lending to eligible SMEs, including micro-enterprises, with EU grant resources to support SME lending during the crisis period and beyond. Timeframe 2010-2019 Annual progress report 2011: “In the context of the NIF, the NIF Board on 2 July 2010 approved a contribution in the amount of EUR 15 million to the “EaP – SME Finance Facility” |
| 2011 | Small Business Support Initiative – Phase I (8 M€) | Perhaps the same as the NIF EBRD Small Business Facility 1st tranche Implementation of EBRD Small Business Support programmes - Enterprise Growth Programme and Business Advisory Services in Eastern Partnership countries Countries covered: Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine Timeframe: 2013-2016 |

| Year*) | Title | Explanatory notes |
|--------|---|---|
| 2012 | Promoting more sustainable production processes (2 M€) | Part of 4 M€ Comp 1 of 10 M€ AF Greening Economies in the Eastern Neighbourhood. Two distinct segments of industry will be addressed: (a) large industry and (b) small and medium-sized enterprises (SMEs), with an emphasis on achieving and going beyond regulatory compliance (by maximising resource efficiency) through a package of information and market-based tools. |
| 2012 | NIF KfW Green for Growth Fund (12 M€) | The GGF is an extension to the Neighbourhood Investment Facility (NIF) East Region, that aims to supporting the development of energy efficiency and renewable energy technologies and investments, by providing long-term financial instruments. The countries covered are Armenia, Azerbaijan, Georgia, Moldova and Ukraine. Timeframe: 2013-2019 |
| 2013 | Supporting SME policy reforms in the Eastern Partner Countries – implementing the recommendations of the SME Policy Index 2012 (2.5 M€) | Also called Supporting SME Competitiveness Reforms in six Eastern Partnership Countries. Assistance to EaP countries in the implementation of policy reforms based on policy recommendations from the OECD's Small and Medium-sized Enterprises (SMEs) Policy Index; contributing to improved government responsiveness to SME needs and requests, and to improved public-private dialogue at national level. Countries covered: Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine Timeframe: 2013-2016 |
| 2014 | Small Business Support Initiative – Phase II (8 M€) | Supporting implementation of European Bank for Reconstruction and Development Small Business Support programmes - Enterprise Growth Programme and Business Advisory Services. Countries covered: Georgia, Moldova, Ukraine. Timeframe: 2015-2022 |
| 2015 | EaP - Women in Business Programme (5 M€) | EBRD. Programme aims to raise the issue of women's entrepreneurship in broader development plans. Countries covered: Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine Timeframe: 2015-2022 |
| 2015 | DCFTA programme (19 M€) | EBRD. Part of the EU DCFTA Facility. Supports private sector – so that it can benefit from the Deep and Comprehensive Free Trade Area (DCFTA) agreement Countries covered: Georgia, Moldova, Ukraine Timeframe: 2016-2019 |
| 2015 | Support to the Eastern Partnership SME Flagship (SME Flagship Secretariat) (2.5 M€) | The project aims to streamline the EU programmes supporting small and medium-sized enterprises (SMEs) in the Eastern Partnership region. It also aims to ensure coherence and a coordinated approach, as well as the communication and visibility of these programmes. Countries covered: Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine Timeframe: 2016-2019 |

*) Programming year

| Year | ENI East total (€) | PSD/Comp (€) | PSD/Comp (%) |
|------|--------------------|--------------|--------------|
| 2010 | 228.4 | 15.0 | 6.6 |
| 2011 | 115.5 | 8.0 | 7.2 |
| 2012 | 297.7 | 29.0 | 9.7 |
| 2013 | 160.8 | 2.5 | 1.6 |
| 2014 | 106.4 | 10.0 | 9.4 |
| 2015 | 105.5 | 45.0 | 42.6 |

13. Armenia

| Year*) | Title | Explanatory notes |
|--------|--|--|
| 2010 | Support to the Government of Armenia for the implementation of the ENP Action Plan and preparations for the future Association Agreement (EUR 21,000,000) | <p>Project purpose: (1) to further improve Public Finance Management (PFM) systems; (2) to improve public sector transparency and performance; and (3) to assist in the regulatory approximation with the EU and international requirements in trade-related areas.</p> <p>Implementation: budget support EUR 20 million, no information on expected contract date; service contract(s) EUR 1 million for monitoring of implementation of the budget support operation and for various other, non-defined, tasks; no information on expected contract date</p> <p>Neither the budget support programme nor the service contracts directly aim at support to the PSD/Competitiveness sector.</p> |
| 2010 | Twinning & Technical Assistance Facility in support to the EU-Armenia ENP Action Plan and Eastern Partnership implementation (EUR 6.7 million) | <p>Objective: to implement Armenia's reform agenda as set out by the EU-Armenia ENP Action Plan and principles of the Eastern Partnership; and to complement work undertaken by the EU Advisory Group in Armenia on the Government's communication strategy.</p> <p>There are no PSD/Competitiveness elements in this project</p> |
| 2011 | Support to the Government of Armenia for the implementation of the ENP Action Plan and preparations for the future Association Agreement-Phase II (EUR 24,000,000) | <p>Project purpose: (1) to further improve Public Finance Management (PFM) systems; (2) to improve public sector transparency and performance; and (3) to assist in the regulatory approximation with the EU in the field of trade.</p> <p>Implementation: budget support EUR 22 million, no information on expected contract date; service contract(s) EUR 2 million for monitoring of implementation of the budget support operation and for various other, tasks, among which enforcement of IPR legislation; no information on expected contract date</p> <p><i>With the exception of the service contract for IPR enforcement (estimated at EUR 1 million), neither the budget support programme nor the service contracts directly aim at support to the PSD/Competitiveness sector.</i></p> |
| 2013 | Support to regional development in Armenia (EUR 14 million) | <p>Objectives: (1) to develop the competencies and institutional capacities of key national and regional institutions; and (2) to develop a project pipeline, ready to be financed.</p> <p>Implementation: One TA contract (EUR 2million, extended to EUR 4 million), to be signed Q1 2015 One grant scheme (EUR 10 million), to be launched Q1 2015</p> |
| 2014 | Support to SME Development in Armenia (EUR 7 million) | <p>Objectives: to improve the national business and investment climate and to support the creation and development of SMEs.</p> <p>Implementation: one contribution agreement (EUR 6.4 million) with GiZ; to be signed xxx One grant scheme (EUR 0.2 million) for participation in COSME, under direct management by the EUD; to be launched Q4 2015</p> |

| Year*) | Title | Explanatory notes |
|--------|--|--|
| 2014 | SME Finance and Advice facility (EUR 15.380.000) | Objectives: (1) to diversify the financing solutions available to SMEs and (2) to provide advisory services to SMEs in order to promote competitiveness and innovation Implementation: one contribution agreement (EUR 15 million) with the EBRD, to be signed on xxx |
| 2015 | none | none |

| Year | Armenia total (M€) | PSD/Comp (M€) | PSD/Comp (%) |
|------|--------------------|---------------|--------------|
| 2010 | 27.7 | 0.0 | 0.0 |
| 2011 | 24.0 | 1.0 | 4.2 |
| 2012 | 60.0 | 0.0 | 0.0 |
| 2013 | 41.0 | 4.2 | 10.2 |
| 2014 | 40.0 | 22.0 | 55.0 |
| 2015 | 30.0 | 0.0 | 0.0 |

14. Moldova

| Year*) | Title | Explanatory notes |
|--------|---|--|
| 2010 | Support to the DCFTA process in the Republic of Moldova (1 M€) | Part of the 7 M€ Action Fiche "Support to implementation of priority actions agreed between the Republic of Moldova and the EU through Twinning, technical assistance and project preparation activities". This is basically a capacity and institution building action, although private sector and business representative organisations belong to the target group. Perhaps some 15% of the budget is used for PSD/Competitiveness-related actions |
| 2010 | Economic Stimulation in Rural Areas –ESRA (9M€) | Part of a 45M€ AF for budget support. Main supported activities in the field of PSD/Competitiveness are 2) Reduce the administrative burden of starting and doing business by creating one-stop shops at the State Registration Chamber and simplifying licence procedures; 6) Capitalize credit lines to stimulate competitiveness of producers and (potential) exporters in rural areas; 7) Raise the annual allocations to the Fund for Securing Loans; 8) Provide financing for the purchase of equipment by SME through existing credit lines financed by Japan and the EU (2KR) and World Bank (RISP); and 11) Create a network of business incubators and industrial parks; 12) Ensure the functioning of the regional development agencies and regions North, Centre and South. Impossible to identify which part of the action aims directly at PSD/Competitiveness. Assumption is 20%. |
| 2011 | Business development projects (2.3M€) | This is an action under component II of the 12M€ AF "Confidence building measures" and entails business school development, road map for local economic development and of a micro-finance facility, and Development of three Business Incubators. |
| 2012 | Regional Planning and Project Pipelines for Development Regions North, South, Central (5M€) | This is component II of the 7 M€ action "Pilot regional development programmes-PRDP". The focus is on the planning and project preparation process, much less on PSD/Competitiveness |
| 2013 | Business development 2.5 M€) | This is an action under component I of the 18M€ AF "Confidence building measures" and entails support to business |

| | | |
|------|---|---|
| | | activities, establishment of an enterprise support centre, certification of business consultants, capacity building for specialized business consultants from banks and establishment of a microfinance facility for SMEs. |
| 2014 | Promotion of local entrepreneurship (6.5 M€) | This is an action under the complementary support to “confidence building measures” of the 64M€ (budget support) AF “ENPARD” and entails enhancement of SMEs development, strengthening existing business support infrastructure; promoting the culture of entrepreneurship through various innovative actions. |
| 2015 | One-stop-shop for opening and closing business (1.5 M€) | Part of a service contract for “re-engineering of selected public services delivery”, which belongs to the 20 M€ Action Document for Support to Public Administration Reform (PAR). Impossible to attribute PSD/Competitiveness budget in this stage. Estimation is 1.5 M€ |

| Year | Moldova total (€) | PSD/Comp (€) | PSD/Comp (%) |
|-------------|--------------------------|---------------------|---------------------|
| 2010 | 66.0 | 10.0 | 15.1 |
| 2011 | 78.6 | 2.3 | 2.9 |
| 2012 | 94.0 | 5.0 | 5.3 |
| 2013 | 100.0 | 2.5 | 2.5 |
| 2014 | 101.0 | 6.5 | 6.4 |
| 2015 | 90.0 | 1.5 | 1.7 |

Annex 6 Report SME web survey

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1. Survey design, administration and treatment strategy

1.1 General aspects

As stated in the Inception Report (IR) and the Surveys Strategy document (Annex A1 to the Desk Phase Report), two types of surveys shall be used in this evaluation exercise:

| | Institutional survey | SME surveys |
|--------------------|---|---|
| Purposes | Key and complementary findings | Analyses related to final beneficiaries (e.g. SMEs; individuals) |
| Targets | Stakeholders and beneficiaries in general | Large (uniform) groups of beneficiaries (particularly indirect) |
| Means | Structured questionnaires | Short structured questionnaires |
| Application | All | Relevance Effectiveness Impact Coherence EU value added |

The target group of the SME Survey is composed of SMEs in the six selected countries that have at any time directly benefited from EU projects under the country national programmes and the relevant regional (multi-country) programmes, through e.g. grants, financial assistance, advisory services or other kinds of EU-funded assistance.

The SME Survey was used as wide-range investigative tool. The survey targeted MSMEs having benefitted from EU- and/or other donor-funded PSD/Competitiveness projects, thus not having had direct intervention as programme and/or project executioners. The SME Survey is useful for complementing other types of instruments, by providing to the evaluation team the senses and perceptions of the end-users of EU assistance in the field of PSD/Competitiveness support.

By targeting those with an indirect stake in interventions, this tool is direct and incisive, posing very straightforward questions which answers may be given quickly, being short enough not to discourage the response and indeed allowing such response in maximum 10 minutes. It is by nature a structured type of tool.

The SME Survey was administered to an as wide as possible SME beneficiaries base, only in the countries selected for desk study.

In order to contribute to higher and more reliable levels of response, the SME Survey's answers are anonymous.

1.2 Surveys administration tool

The survey was administered through Survey Monkey (<https://www.surveymonkey.co.uk>), a well-recognised and widely used web-based survey tool.

1.3 Survey design

The SME Survey allows for:

- Characterising the respondents base and categorising it along age and size (nr of employees), as well as country of establishment. Data on percentage of female and/or disabled employees was also collected.
- Understanding which kind of PSD/Competitiveness support was received, and from which Donor(s).
- Collecting data on:
 - Training and respective improvement
 - Growth in international trade
 - Job increase
 - Support received from Business Support Organisation(s) and/or participation in Clusters
- A set of questions concerns specifically Environmental Protection, Climate Change, Energy Efficiency or correlated activities and/or investments. Those companies having implemented such kind of activities and/or investments were asked several correlated details. All the other respondents could skip these questions.
- Questioning on project results achieved

Relevant Evaluation Questions / Indicators

- 8.1.a – what was the increase in entrepreneurial learning opportunities 2010-2015, caused by (a) EU interventions and (b) interventions of other donors?
- 8.1.a – what was the increase in entrepreneurial learning opportunities for women 2010-2015, caused by (a) EU interventions and (b) interventions of other donors?
- 8.2.b – What was the number of entrepreneurs who obtained non-financial support through (a) EU projects and (b) projects of other donors?
- 8.2.c – what was the number of entrepreneurs that showed growth in international trade thanks to (a) EU projects and (b) projects of other donors?
- 8.2.d – what was the number of entrepreneurs that received support from BSOs thanks to (a) EU projects and (b) projects of other donors?
- 8.2.e – what was the number of entrepreneurs that joined a cluster thanks to (a) EU projects and (b) projects of other donors?
- 9.1.a – What was the growth in jobs since 2010 within assisted enterprises and their supplier chains?
- 10.1.a – Which environmental friendly technologies were implemented as result of EU support?
- 10.1.b – Change in volume of energy-efficient building materials used as result of EU support?
- 10.1.c – Change in volume of energy and environment labelling products/services as result of EU support?
- 10.1.d – Change in volume/quantity of intelligent cooling and heating systems installed as result of EU support?
- 10.1.e – Change in volume/quantity of eco-friendly products produced as result of EU support?
- 10.2.a – Did the project you participated in deliver the expected results? If no, reasons?

Room was given at the end of the survey for free comments.

The content of each respondent's answers was automatically stored every time s/he clicked "Next" and moved to a following page during the answering process. This allowed the respondent to suspend answering at any time and resume answering at his/her next convenience, provided that the same computer is used. Answers are only stored for one computer for each respondent.

Respondents could at all time review any answer previously provided by navigating within the whole survey through the buttons "Prev" and "Next" at the bottom of each page.

The survey had English and French versions, the latter of which was used in the Maghreb sub-region of EU's South neighbourhood (only Algeria in the case of the SME Survey).

1.4 Survey's administration

The geographical scope of the SME survey – the six countries selected for more in-depth analyses and field visits – is logical since it permits the evaluators to investigate whether the outcomes of the desk study and field visits are corroborated by the opinions of the final beneficiaries.

The lists of MSMEs having benefitted from EU- and/or other donor-funded PSD/Competitiveness projects have been provided by the relevant EUDs to the evaluation team.

E-mails with requests for SME addresses were sent on 13 June by the Team Leader to all six relevant EUDs and –where deemed necessary – to the country managers at DG NEAR; the follow-up (reminders, explanations, producing unified address lists) was in the hands of the three junior experts.

- Algeria: A list of around 160 SMEs was received as early as 15 June, 25 of which with valid e-mail addresses⁵. *This number is considered sufficient* and, besides a re-launch made to all the previously valid targets, request for additional support was made to the competent EUD.
- Armenia: In an e-mail of 20 June the EUD responded that all projects between 2007 and 2014 supporting SMEs were regional projects managed by EC HQ mainly through NIF EBRD, and that only in rare cases (SBS) these projects provide this type of information as they provide loans through commercial banks. The advice was to contact the EBRD for SBS, Eurochambre (East-Invest) although they only provide support to BSOs, and the government agency SMEDNC.

EBRD and SMEDNC were contacted on 27 June. The efforts have resulted in a list of 312 SME addresses, 271 of which with e-mail addresses. This number is considered sufficient

- Bosnia and Herzegovina: The EUD decided to ask (external) managers of completed and on-going grant schemes to provide the contact details of their grantees. Information was received by the end of June from EBRD (18 addresses), the COBEAR project (33), the Home Grown Business Project (16), the Inclusive economic growth and employment generation in Eastern BiH-BIRAČ Region project (10), the Sarajevo Economic Region Development Agency (15),

The EUD later-on added a list of 100 SMEs having received assistance under the IPA 2009 technical assistance project for ISO 9000 certification. The number of available addresses is considered more than sufficient.

- Egypt: The EUD informed on 4 July that they do not have SME addresses, but that these should be asked from the National Charter Coordinator, EBRD and UNIDO. Contact was established with the EBRD which led to a list of 160 SMEs, received on 13 July 2016. The national charter coordinator was addressed on 7 July 2016, but did not reply yet. No contact with UNIDO was established. Whilst the only source of SME addresses is the EBRD, the quantity that was provided, if proven reliable, is considered sufficient for the purposes of the survey. An additional issue that came up is that national security regulations stipulate that both the SMEs and Institutional surveys would need being subject to an ex-ante security clearance. The contents and web links for trials were sent to the EUD on 15 September 2016 (immediately after having received the "go-ahead" from the ISG) and clearance was eventually granted on 20 September 2016. The surveys were immediately administered and respective responses shall integrate the subsequent analytical work. A re-launch was administered by mid-November in order to try and maximise the final response rate.
- Moldova: After the initial e-mail of 13 June, reminders were sent on 22 and 28 June. On 29 June contact details were received of six SMEs that benefitted from EU assistance through the PARE 1+1 Migrants' remittances grant programme, however without e-mail addresses. On the same date the contact details were received of grant scheme managers (presumably, since in

⁵ Addresses which did not return "permanent failure" or "out of office" reply

Moldavian language), some with, some without e-mail addresses. These relate to Institutions (not beneficiary SMEs) only and could thus not be considered for the SME survey. As a consequence, and although the team had provisionally considered that the Moldova list of SMEs could be considered just about sufficient for the purpose of the survey, the inexistence of e-mail addresses for the SMEs that were listed ultimately determined the exclusion of Moldova from the SME survey.

- Serbia: The EUD responded immediately, with the message that they do not have a database of the SMEs that benefited from our projects, but that a detailed list of companies supported by the Serbia Innovation Project and the Support to SME Development project can be obtained from the Innovation Fund and the EBRD. Both institutions were contacted which led – on 27 June- to a list of 61 SME contacts from the Innovation Fund and 240 SME contacts from EBRD. The number and composition of available addresses are sufficient for the purpose of the survey.

E-mails with invitation to respond were sent to all relevant targets in English or French (in the case of Algeria).

Dates of invitation e-mails:

- Initial invitation: Late September 2016 (except for Egypt, for which authorisation for survey administration was only received later;
- Reminder invitation (initial for Egypt, following receipt of relevant authorisation): 2nd half October 2016;
- Final reminder: mid November 2016.

1.5 Data collection and treatment

Data collection was closed at the end of November 2016.

Answers to the survey were automatically stored by Survey Monkey and fully accessible to the evaluation team.

The Survey Monkey tool provides a wide variety of data analytical outputs, from simple (aggregate and/or detailed) graphics to statistical analyses. It enables for instance data filtering and cross tabbing, which allow seeing only the questions and responses that meet specific criteria. In general, with Survey Monkey the following is possible/available:

- Real-time results
- Text analysis
- SPSS integration
- Custom reporting

It is furthermore possible to export data tables (detailed and/or aggregate) to e.g. Excel in order to perform specific analytical work that may not be directly made available by the tool.

The team thus treated the data in order to obtain relevant answers to the evaluation questions covered by the survey, in order to complement the findings obtained through both desk study and field visits/interviews.

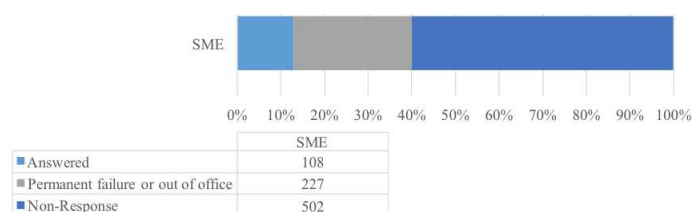
2. Characterisation of the sample

| Countries | SME | | |
|---------------|------------------------------|----------|------------------------------------|
| | Number of person survey sent | Answered | Permanent failure or out of office |
| Algeria | 123 | 12 | 62 |
| Armenia | 174 | 5 | 123 |
| Albania | | | |
| Azerbaijan | | | |
| Belarus | | | |
| Belgium | | | |
| Bosnia | 53 | 6 | 3 |
| Egypt | 127 | 30 | 31 |
| France | | | |
| Georgia | | | |
| Germany | | | |
| Israel | | | |
| Jordan | | 3 | |
| Kosovo | | 2 | |
| Lebanon | | | |
| Luxembourg | | | |
| Macedonia | | | |
| Moldova | | | |
| Morocco | | 1 | |
| Montenegro | | | |
| Multi Country | | | |
| Serbia | 360 | 46 | 8 |
| Tunisia | | 2 | |
| Turkey | | 1 | |
| Ukraine | | | |
| United States | | | |
| Total | 837 | 108 | 227 |

Whilst the invitations were sent to MSMEs in five countries (Algeria and Egypt in ENI South; Armenia in ENI East; Bosnia & Herzegovina and Serbia in IPA), a few answers were also received from Jordan (3), Kosovo (2), Morocco (1), Tunisia (2) and Turkey (1), these cases corresponding most certainly to companies which representatives' e-mail addresses and/or locations at time of responding were different from their companies' actual locations. Such occurrences are very minor (less than 10% of total responses received) and do not justify any specific treatment.

The turnout rate for the SME survey is thus as follows:

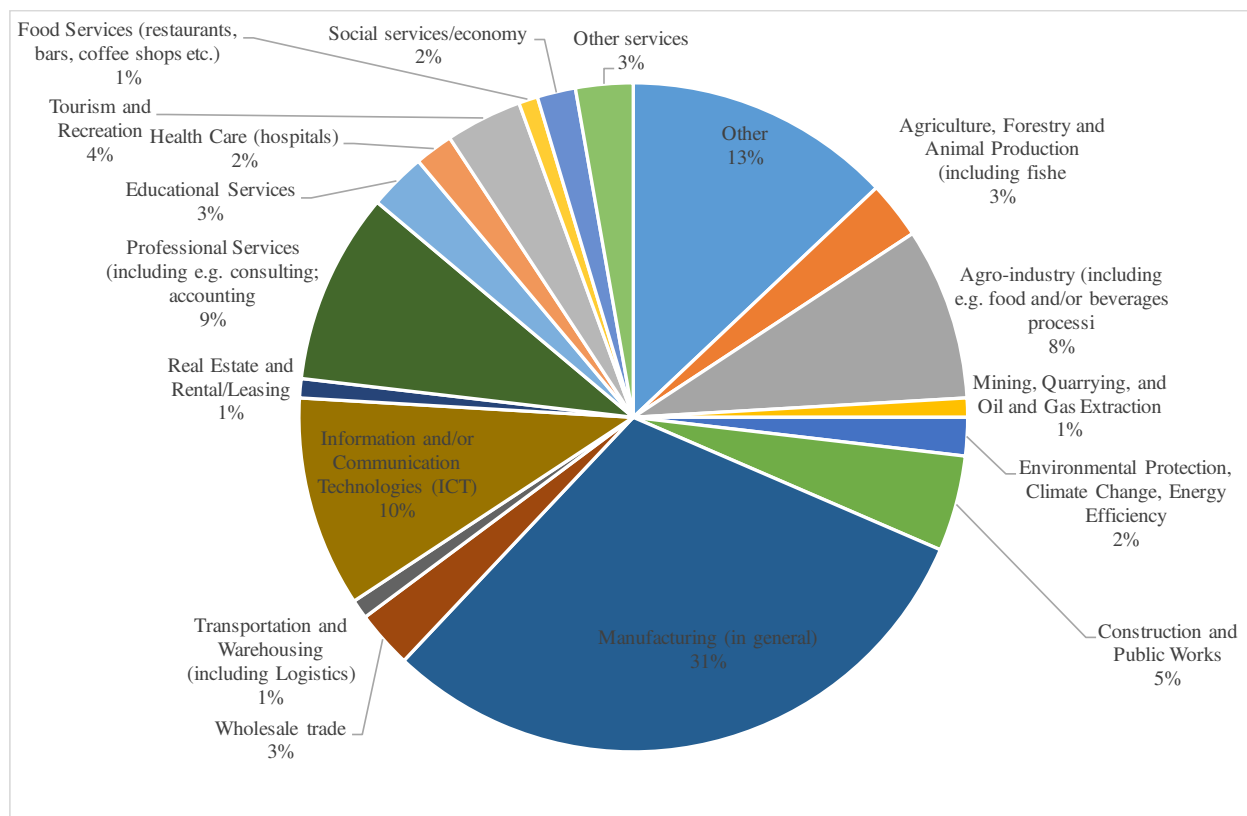
- Total invitations sent: 837
- Permanent failure / out-of-office automatic replies: 227 (27%)
- No response: 502 (60%)
- Answers received: 108 (13% of total; 18% of valid invitations)



Although invitations for Egypt were sent later, the response rate for this country is the second highest.

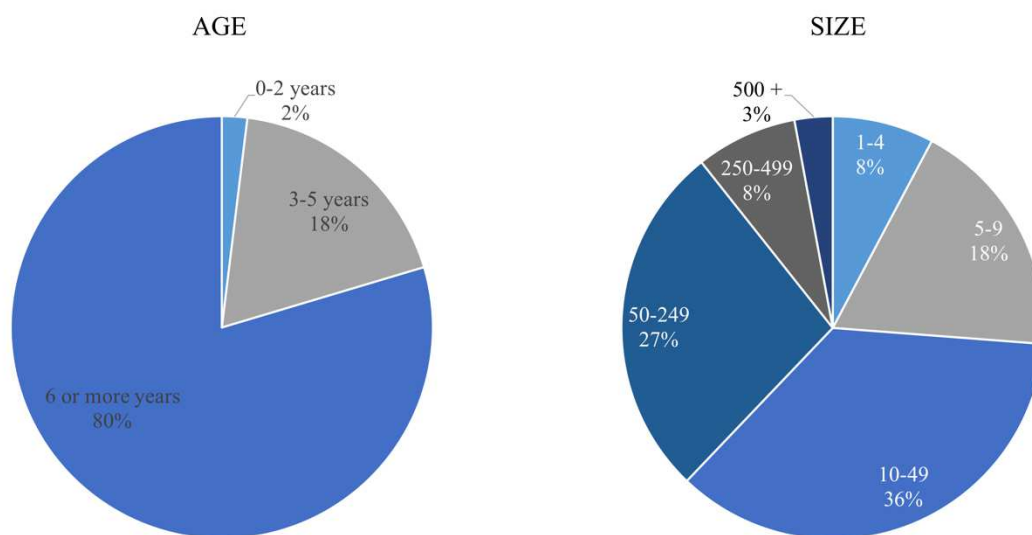
In terms of geographical distribution of the responses received:

- 42% came from Serbia;
- 28% came from Egypt;
- 44% originate from ENI South;
- 5% originate from ENI East;
- 51% originate from IPA

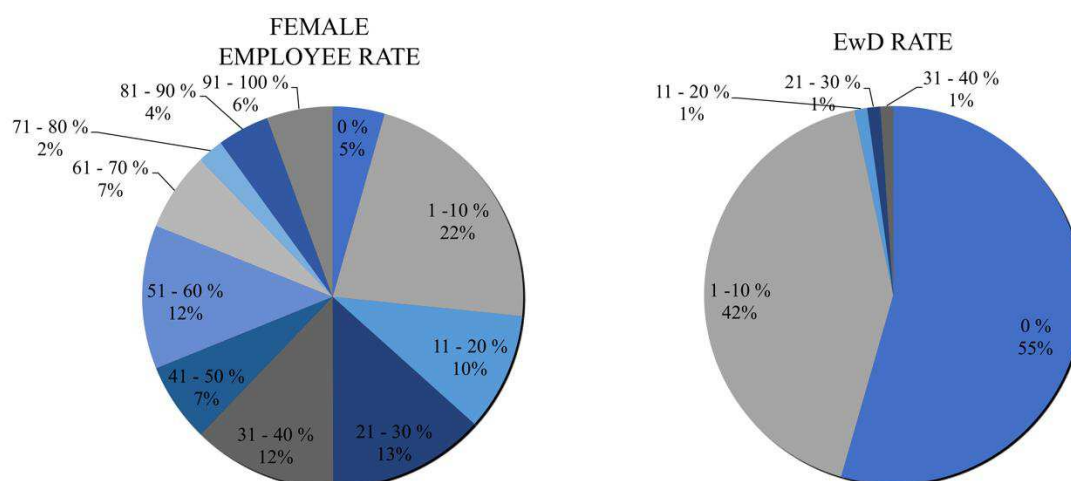


As shown in figure above, almost 1/3 of the respondent SMEs' economic activity is manufacturing (31%), seconded by ICT (10%) and agro-industry (8%). About 1/4 of the responses received originate from multiple services sectors.

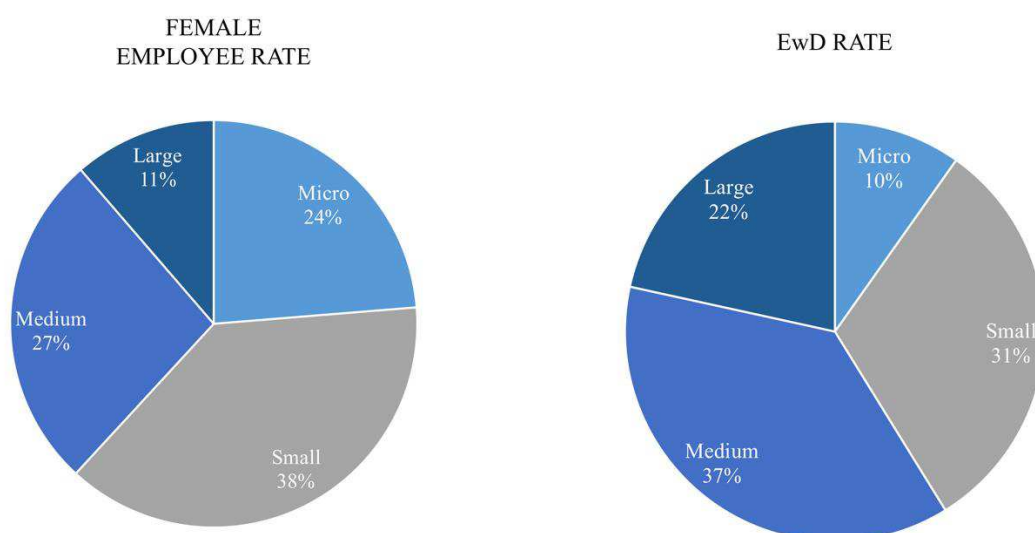
Regarding age, the graph below shows that the number of start-ups is residual (2%), with 80% of the sample corresponding to enterprises with 6 or more years of existence.



The same graph also shows the companies' size distribution (considering number of staff as respective proxy), showing that about 1/4 (26%) are micro enterprises (fewer than 10 persons employed), ca. 1/3 are small (10-49 staff) and 1/4 (27%) are medium-sized (50-249 staff). The remaining 16% are large enterprises, with 250 staff or more (3% with 500 or more employees). Hence, a total of 84% of the responders corresponds to the concept of MSME.



The graph above shows the distribution of the sample along two other important dimensions of female and employees with disability (EwD) rates, where it is demonstrated that the female employee rate is around 35% (above 1/3), with 50% of the sample employing between 10% and 60% women (of which 38% near parity), whilst the EwD rate is only 4%. Responding SMEs employ more female staff than large enterprises, as shown in the graphs below, which also show that the same occurs in relation to employment of EwD. In fact, such rate, equivalent in both cases, is about 2/3 in SMEs and well below in large companies.



3. Analysis

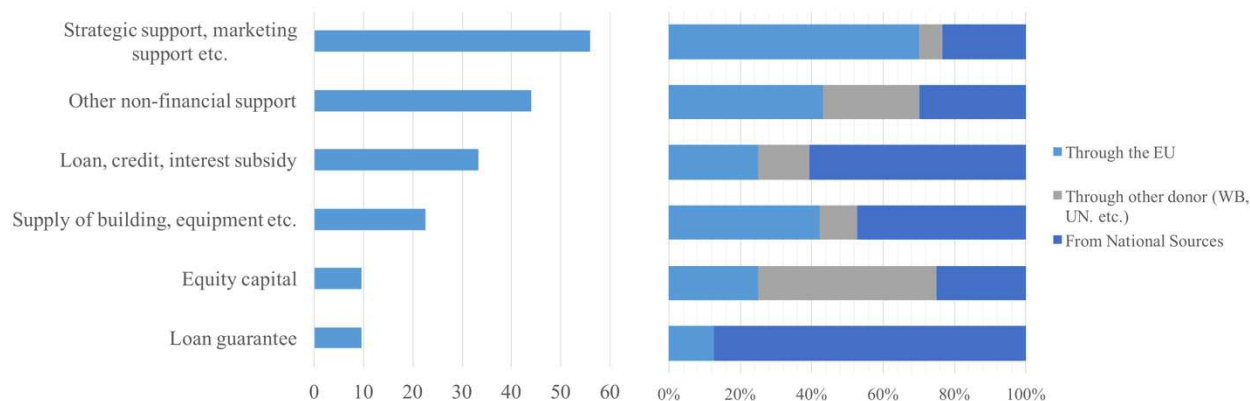
3.1 Relevance: Relation with Donor funding & programmes/projects

3.1.1 Number of entrepreneurs that obtained non-financial support through (a) EU projects and (b) projects of other donors

Almost 3 out of 4 (77%) responding enterprises declared that they received support from the EU, while only 2 out of 5 declared that they benefitted from funding from another donor. Furthermore, there is a positive correlation in receiving national funds with using the EU funds. Both factors together highlight the relevance and the visibility for SMEs of EU funding to Private Sector Development and Competitiveness. In the figure below:

- The graph on the left shows the number of responding enterprises that benefitted from some kind of public funding (National, from the EU and/or from other International Donors) between 2010 and 2015, and which kind of support was enabled by such funding (multiple answers were allowed in relation to this response and therefore the total exceeds the number of respondents).
- The graph on the right allows to understand the distribution of the sources of the funding received for each of the uses detailed on the left.

Soft (non-financial) support benefitted ca. 100 enterprises, against less than 80 for hard support. EU funding was the major source for soft support, whilst distribution is more balanced for hard support, with National funding being pervasive in the case of Loan Guarantees and Other Donors being more present in Equity Capital. It must be noted that this corresponds to the perceptions of the respondents, whilst reality may be different: For instance, what is perceived by National source may in fact correspond to a State-managed fund with EU and/or other donor funding, and more than one donor (including the EU) may be involved in e.g. equity funds made available to SMEs in the relevant markets.

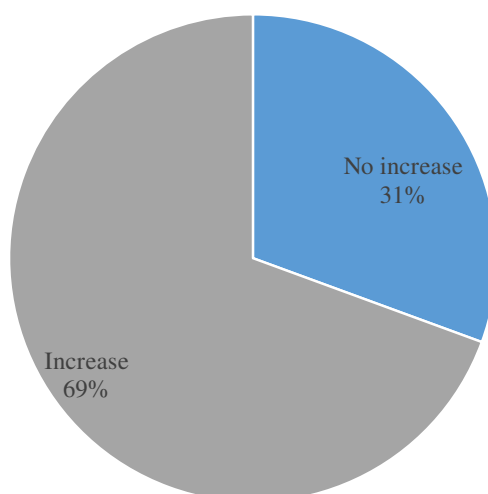


This shows, however and in general terms, that the EU is clearly perceived as the major source of soft support to SME development, and not so much so in relation to financial support to SMEs.

3.2 Effectiveness

3.2.1 Increase, as compared to 2010, of entrepreneurial learning opportunities, including those for women entrepreneurship

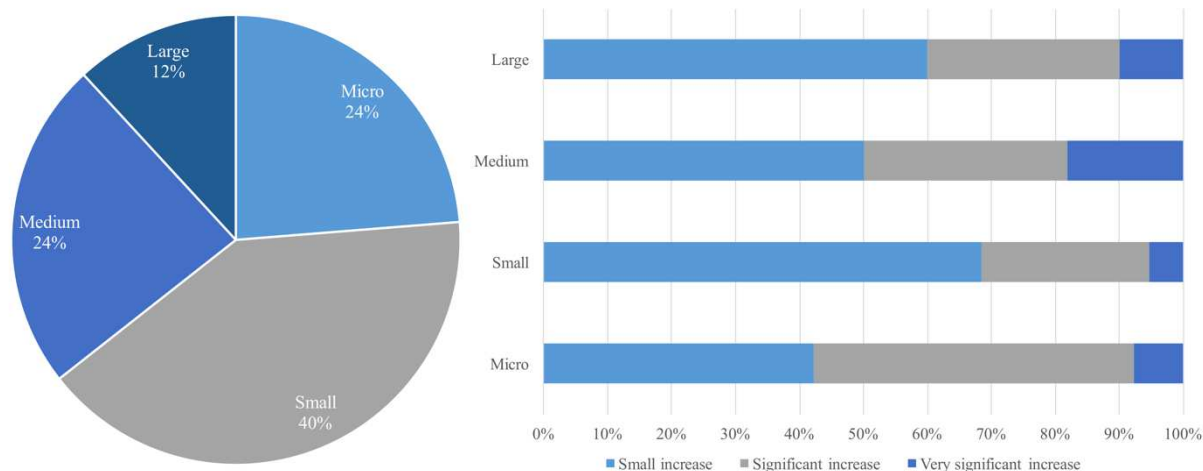
The graph below shows whether there was an increase in entrepreneurial learning opportunities between 2010 and 2015, induced by use of any kind of funding source, with more than 2/3 of the enterprises responding positively to this question.



When looking at entrepreneurial learning capacity increase by company size, the graph on the left, below, shows that the distribution is rather similar to that of the sample itself, which indicates that, as far as the survey may indicate, the effect is rather uniformly distributed and not too sensitive to companies' size. In relation to efficiency, however:

- The best score is achieved by micro enterprises, with a rate of almost 60% of significant or very significant increase;
- The second best score is found in medium-sized, which report a rate of 50% or above of significant or very significant increase.

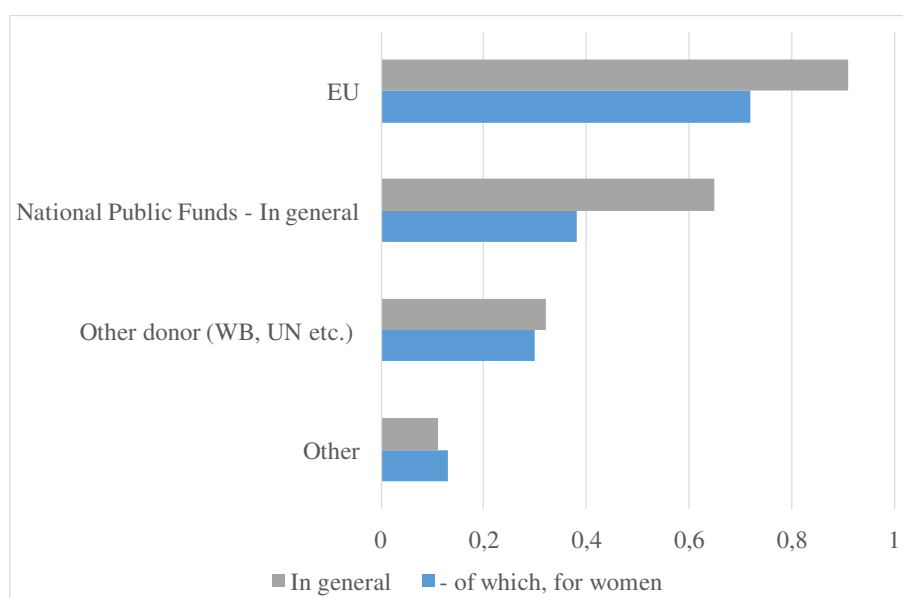
This does therefore not allow inferring about a relationship between companies' absorption capacity in entrepreneurial learning and their size. In any case, the minimum score of significant or very significant increase observed is above 30%. It is, however, relevant that micro enterprises seem to be those better benefitting from this kind of donor support.



When we look at the countries distribution (see table below), and although the size of the sample is in most cases not statistically sufficient, it may be noted that Serbia seems to be the country where use of funds for entrepreneurial learning is more effective.

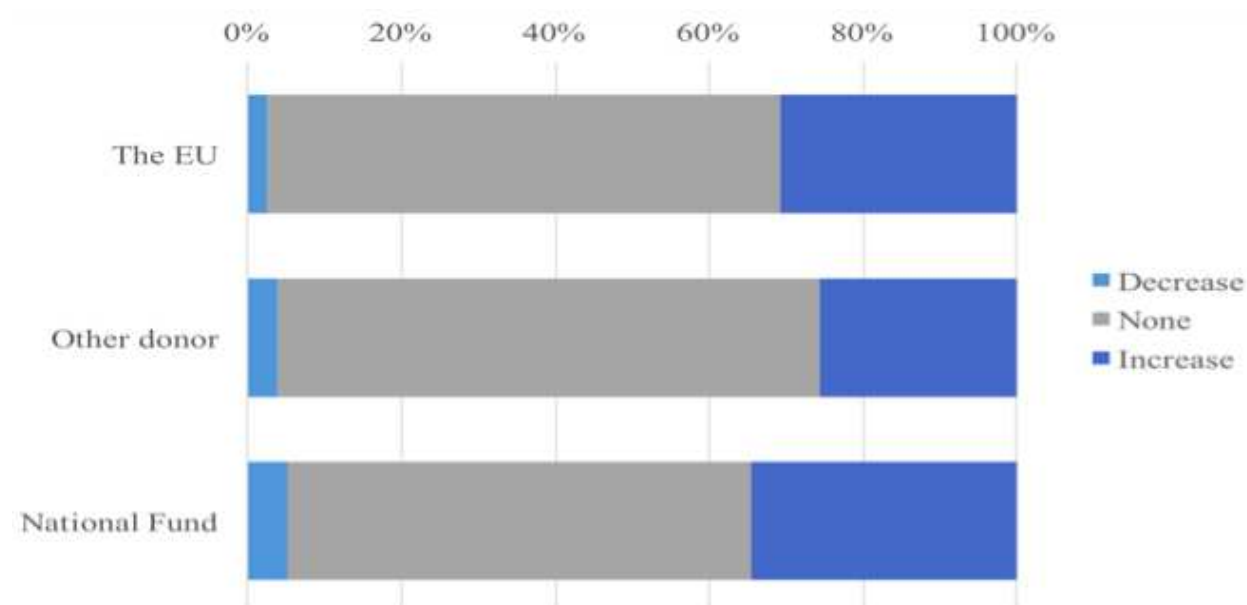
| | Small increase | Significant increase | Very significant increase |
|---------------------------------|----------------|----------------------|---------------------------|
| Algeria | 6 | 1 | 0 |
| Armenia | 1 | 1 | 0 |
| Bosnia & Herzegovina | 1 | 1 | 1 |
| Egypt | 13 | 5 | 1 |
| Jordan | 0 | 1 | 1 |
| Kosovo | 1 | 0 | 0 |
| Serbia | 16 | 13 | 5 |
| Tunisia | 1 | 0 | 1 |
| Turkey | 1 | 0 | 0 |

In terms of effectiveness of donor funding for entrepreneurial learning, the graph below shows that the EU is perceived by the SMEs as the most effective funding source, both in general and in relation specifically to women. National funding (which may sometimes have been misperceived, as noted above) comes in second place. Other donors are significantly worse perceived in this respect.

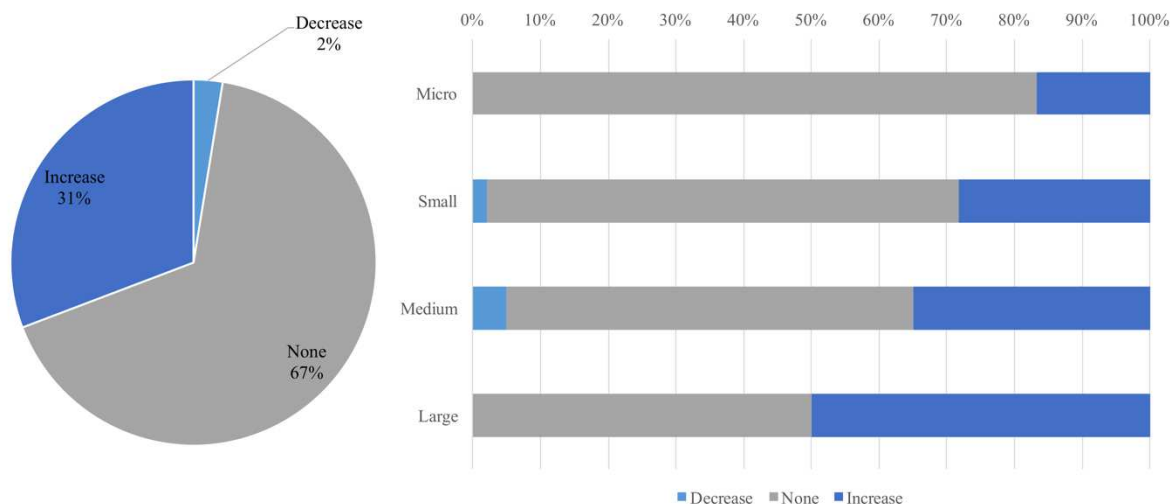


3.2.2 Growth in turnover thanks to EU projects and/or projects from other donors

The graph below shows that public (National- and/or donor-originated) funding was in most cases non-influential to growth in businesses. For those having experienced growth in result of external funding, National funding (which, as noted before, may sometimes have been misperceived) seems to have been the most effective source, followed by EU funding.

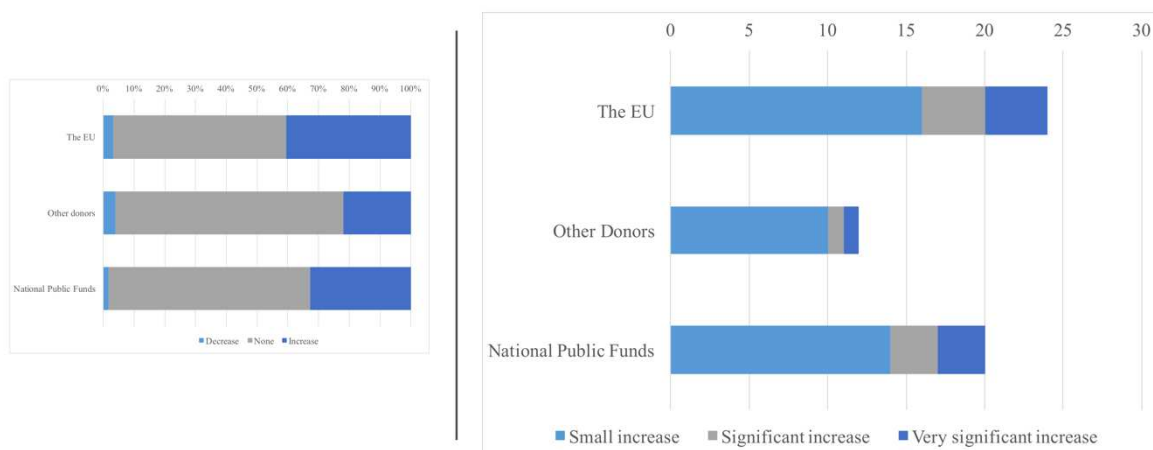


The survey shows a linear relationship between the companies' sizes and the effectiveness of funding to support growth. This may be due to a combination of converging factors, for instance capacity to put in practice more effective growth strategies and likelihood of funding specific aiming at growth preferably targeting larger companies, as it may well be the case of many IFI-led interventions (except those specifically supporting e.g. microfinance).



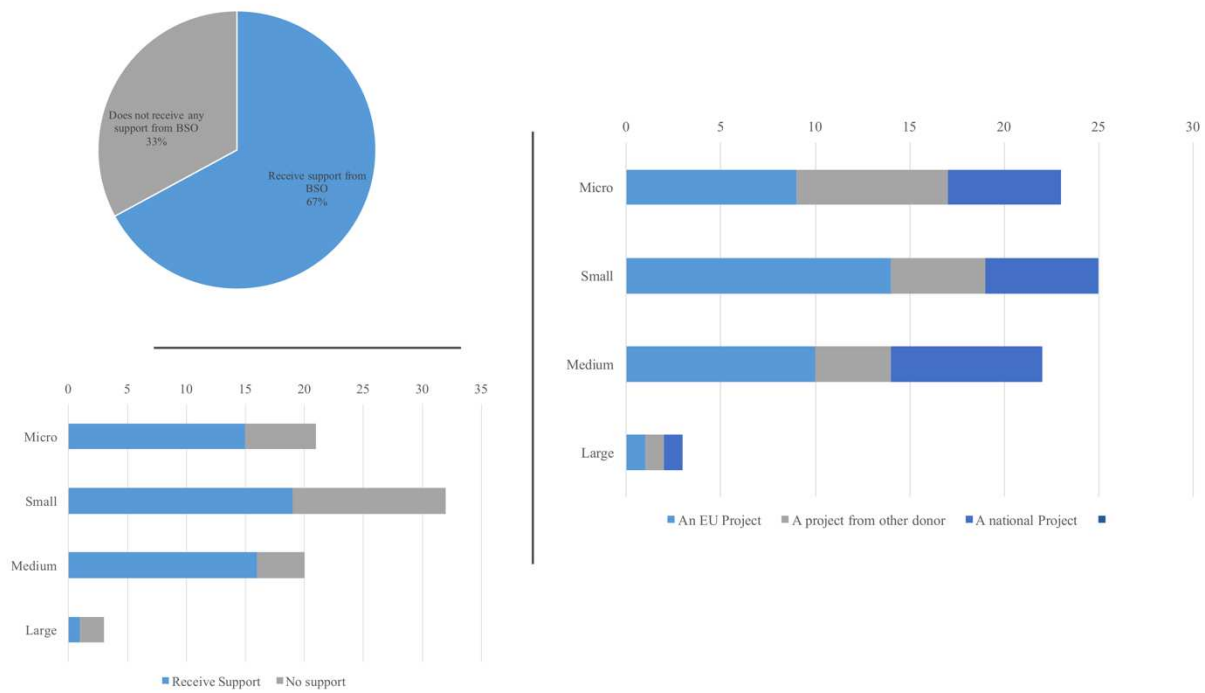
3.2.3 Growth in international trade thanks to EU projects and/or projects from other donors

The EU is the most effective source of funding in supporting internationalisation of enterprises. The right graph below further shows that the EU was also the most efficient: Within those enterprises having experience growth in international trade, the highest number of answers reporting significant or very significant increase is that from enterprises having gained such increase with EU support. In this area, other donors are the least efficient.



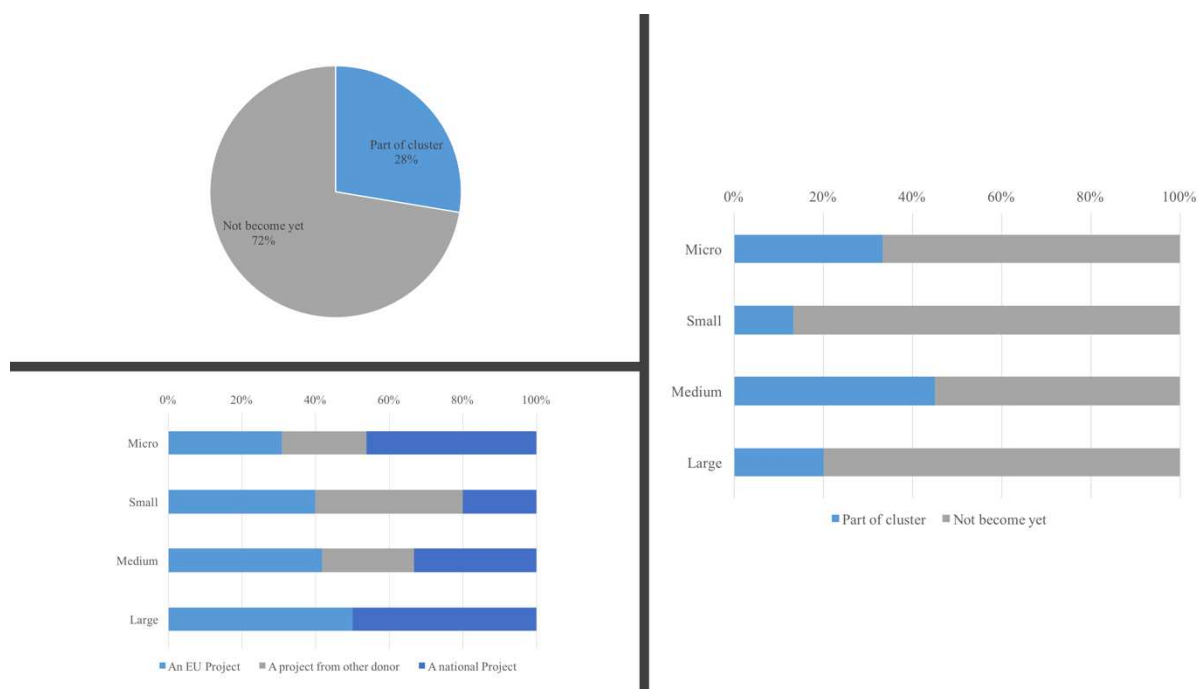
3.2.4 Support received from BSOs thanks to EU projects and/or projects from other donors

About 2/3 of the respondents confirm having received support from BSOs during the period 2010-2015. In terms of percentage, the highest rate is observed in micro, followed by medium-sized enterprises. Large enterprises are those showing the smallest percentage.



In terms of support origin, the EU comes in first, however in the case of micro enterprises the differences among the 3 sources are minimal (with the reserve, made already, that national funding may hide donor origin of the funds used). Although not shown in graph, the survey also shows some positive linkage between age and percentage of BSO support, which may allow inferring that there may exist a learning path to cover, or a maturity level to reach, by SMEs for better benefitting from BSOs' support.

3.2.5 Clustering thanks to EU projects and/or projects from other donors?

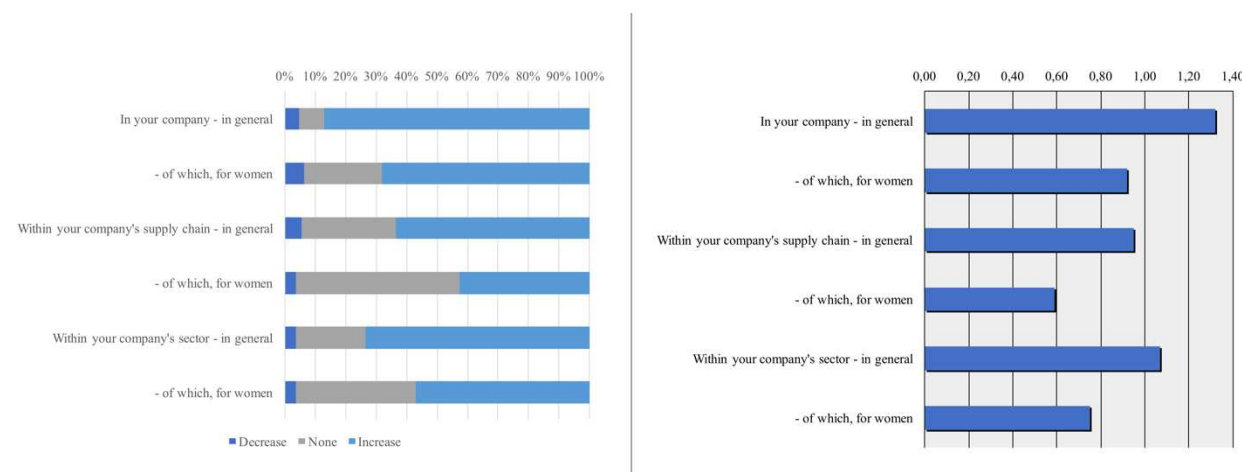


Participation in clusters as result of funding was made by more than 1/4 of the responding enterprises. EU and national funding are clearly the most effective sources of funding for this, with other donors not even being reported in the case of large companies. Medium-sized and micro enterprises are those reporting higher levels of participation.

3.2.6 Growth in jobs since 2010 within assisted enterprises and their supplier chains and sectors

The two graphs below provide different readings in relation to jobs growth at the levels of the individual firms, their value chains and their sectors. Data are also specified for female jobs:

- The graph on the left shows the percentage of responses decrease in jobs; no variation; increase in jobs).
- The graph on the right shows the result of applying a score to each response (from -1 to 3, for decrease, no growth, small increase, significant increase, very significant increase, respectively), turning out an average score for each response, which tries to reflect the jobs growth “power” in relation to each of the questions.



A vast majority of the respondents reported growth in jobs in the period 2010-2015, this being higher for men than for women (90% in general, against 70% in female jobs growth). Whilst the answers received show lesser strength in relation to both respondents' value chains and sectors (with identical gaps for female jobs growth), this difference should not be over-evaluated, as it may be natural that respondents apply a level of caution in estimating behaviours of wider groups, for which information may naturally be

less accurate. In fact, for both value chains and sectors it is very likely that answers are based on perceptions rather than on hard data.

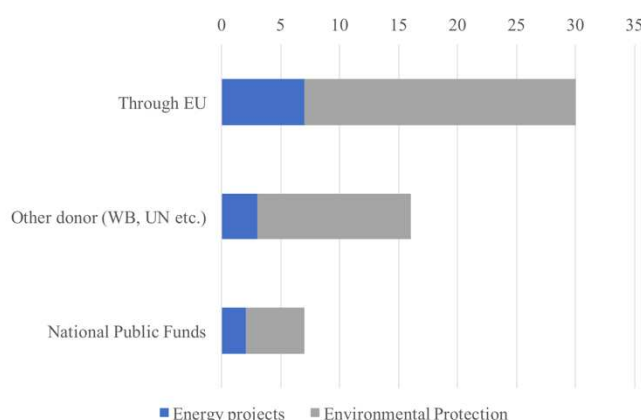
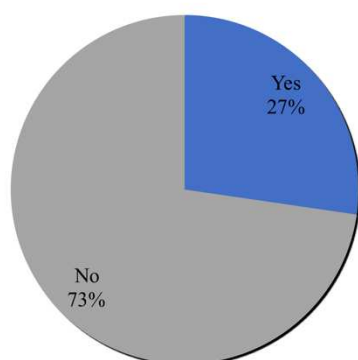
The table below details the responses received in relation to jobs creation:

| Answer Options | Decrease | None | Small increase | Significant increase | Very significant increase | Don't know / Not applicable |
|---|----------|------|----------------|----------------------|---------------------------|-----------------------------|
| In your company - in general | 3 | 5 | 27 | 25 | 3 | 6 |
| - of which, for women | 4 | 16 | 27 | 13 | 3 | 6 |
| Within your company's supply chain - in general | 3 | 17 | 19 | 12 | 4 | 14 |
| - of which, for women | 2 | 29 | 15 | 5 | 3 | 15 |
| Within your company's sector - in general | 2 | 13 | 23 | 17 | 2 | 12 |
| - of which, for women | 2 | 22 | 22 | 8 | 2 | 13 |

3.3 Impact

3.3.1 Implementation of Environmentally-friendly and/or Energy-efficiency Projects

Environmental Protection, Climate Change, Energy Projects
Implemented



About 1/4 of the enterprises confirm having carried out some kind of Environmentally friendly and/or Energy-efficiency actions in relation to / as result of funding. For those who did implement these actions, and as in other types of improvements, the EU is reported – by far in this case – as the main source of funding for such type of actions. Environmental protection was the focus of more than 3/4 of the projects carried out by respondents, with no significant sensitivity to respective funds origin.

The following table depicts answers by type of actions carried out, as well as origins of respective funding.

| | None | Through EU | Other donor (WB, UN etc.) | National Public Funds |
|-------------------|------|------------|---------------------------|-----------------------|
| Energy efficiency | 11 | 3 | 2 | 1 |

| | None | Through EU | Other donor (WB, UN etc.) | National Public Funds |
|---|------|------------|---------------------------------|--------------------------|
| Energy conservation | 14 | 1 | 0 | 0 |
| eGain forecasting | 13 | 1 | 1 | 1 |
| Renewable energy | 12 | 2 | 0 | 0 |
| Water consumption efficiency | 11 | 3 | 1 | 1 |
| Water purification | 13 | 1 | 0 | 0 |
| Liquid waste recycling / reutilization | 9 | 2 | 1 | 0 |
| Liquid waste treatment | 10 | 1 | 2 | 0 |
| Air / gas emissions reduction | 11 | 2 | 2 | 1 |
| Air / gas emissions reutilization | 13 | 0 | 1 | 0 |
| Air / gas emissions valorisation | 12 | 1 | 1 | 2 |
| Air / gas emissions treatment | 13 | 0 | 0 | 0 |
| Solid waste reduction | 9 | 4 | 2 | 0 |
| Solid waste reutilization | 12 | 1 | 2 | 1 |
| Solid waste recycling | 12 | 2 | 1 | 0 |
| Solid waste valorisation | 12 | 2 | 0 | 0 |
| Solid waste treatment | 10 | 4 | 0 | 0 |

3.3.2 Use of the new technologies as a result of funding

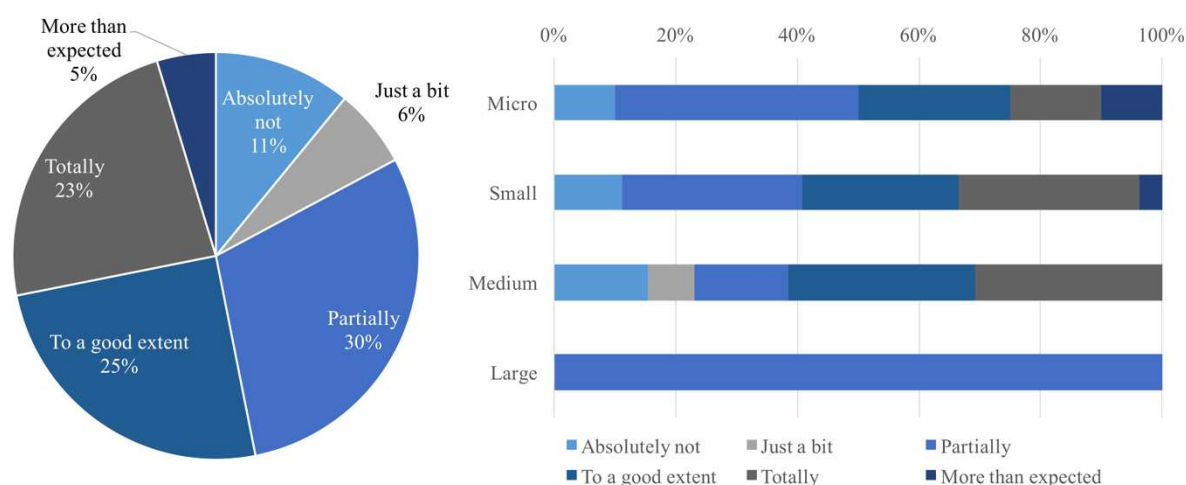
The table below details answers by type of Environmentally friendly and/or Energy-efficient technologies adopted/implemented, as well as origins of respective funding, showing a positive rate of only 4% to 7%, (thus in the vicinity of 1/4 of those having taken such actions), depending of the new technologies listed.

| | Through EU | Other Donor | National Fund |
|--|---------------|----------------|------------------|
| Use of energy-efficiency building materials | 3 | 3 | 1 |
| Intelligent cooling and/or heating systems installed | 3 | 3 | 1 |
| Use or adoption of energy- and/or environment- labelled products/services | 2 | 2 | 1 |
| Eco-friendly products produced | 4 | 2 | 2 |

Whilst a rate of 27% in implementation of any kind of Environmentally friendly and/or Energy-efficiency actions may be seen as rather positive, in face of the fact that, from the sample programmes/projects analysed by the team, not so many did have such kind of focus, in terms of related technology adoption the rates are rather low, which may mean that, in their majority, the actions that were taken were either of soft nature or did not involve significant structural changes (for which technology adoption may be taken as a good proxy).

3.4 EU added value and visibility

3.4.1 Satisfaction with project results



More than 50% of the respondents report significant or very high satisfaction (measured in terms of results achieved as compared to expectation) with the EU and/or other donor-funded projects they participated in, with about half (28% of total) stating that expectations were totally met or even exceeded. Only 11% of the implementers are absolutely not satisfied with the results. Small and medium-sized enterprises are the most satisfied ones. It deserves being noted that all participating large enterprises report only partial satisfaction, whilst data shown in previous points confirm that large enterprises are not among those having less benefitted from donor support. This lower level of satisfaction may be linked, on the one side, to the small sample size (for large firms) and to a higher degree of expectations from these bigger, more organised and better structured companies.

Satisfaction rate is highest in Jordan, followed by Serbia and Bosnia & Herzegovina. The satisfaction rate is lowest Armenia, followed by Kosovo and Turkey. These rankings should however be taken with caution, due to the non-uniform distribution of the sample by countries.

3.4.2 Comments received on satisfaction with project results

A selection of comments received from respondents regarding the reasons for their responses above is reproduced below. This selection does not intend to justify either positive or negative evaluations, but to rather highlight some elements that may serve for better understanding how beneficiary SMEs perceive the benefits of EU assistance and how such assistance may be improved in the future.

- EBRD support has boosted our marketing capabilities
- GIZ project, Managers training in Germany has positively affected our young female manager
- It was very hard to find suitable persons for the job that we developed through the project
- The local contractor (consultant) has limited capacity
- The distance between the HQ of the local contractor (same respondent)
- The short period of the service for the capacity building of the staff at the project (same respondent)
- Capacity building & study visits through TAIEX and SIGMA
- Workshops through Council of Europe
- Clear, transparent & fair process of choosing the projects
- Clear & Standardised reporting on project progress (same respondent)
- Received way more than just money, mentorship, networking, everything needed to succeed (same respondent)
- Poor management of the project by the consultant

- Bad choice of specialists (same respondent)
- Impossibility of continuing the project after the first phase (same respondent)
- We moved from prototype to mass serial production with an innovative EE product
- We positioned our start-up not only on national and EU market, but globally (same respondent)
- A lot of contacts and negotiations with industry leaders and prospective investors (same respondent)
- We have resolved a long lasting organisational problem, which was identified years ago
- We have got a tangible result (prepared document) of our work with consultants hired by EU (same respondent)
- We learned a lot (same respondent)
- Simple application
- Enough support, enough sources (same respondent)
- Fast answer on the application (same respondent)

General considerations about the comments received:

- Focus on concrete issues and objectives and achievement of tangible (measurable) results during / at the end of project implementation is a key factor for beneficiary satisfaction
- Practical “hands-on” interventions are valorised by the SMEs
- Exposure to (international) external contexts is valorised by SMEs
- Quality of consultants / project teams is key to success in soft support to SMEs
- Combining soft and hard (material/financial) support may in some cases leverage results and satisfaction
- Simple, fast, clear and intelligible project processes and administration are also appreciated by SMEs

3.5 Free comments

A selection of free comments received from respondents is reproduced below. Same selection reasoning as for comments to results achieved.

- Some of the projects are just theoretical technical support, without implementation. A lot of money is spent on consultants, hotels, dinner, etc. Less goes to the beneficiary company. I consider the GIZ, NEP project is the role model of the projects because the money was spent on material items that benefited the company and the employees
- Low coordination between the donors. Sometimes the scope of work of more than a project is similar in some areas (same respondent)
- The survey doesn't probe on how to improve quality and efficiency of the donor programmes
- There was no clear policy for designers' IPR
- Thanks to EBRD, we had chance to work with experts and learn a lot from them. As a director of the company, I find that a new approach and new ideas in business remove us from product to the buyer. It helps a lot and we start with a new era of our business
- A new catalogue and free participation in fairs removed us from domestic to other markets. B2B meetings are the best way for finding partners (same respondent)
- We are aware of the importance of caring about environment and without any help we built a production using renewable energy resources and thermal energy released during the production process
- The beneficial effect of EU projects may also be measured by the effectiveness of the processes that are implemented

General considerations about the comments received:

- Some overlapping situations in donor-funded PSD interventions are perceived and negatively appreciated by SMEs
- Value for money (even if from donor funds) should be well explained and perceived by SMEs
- Quality of project process management (and respective transparency to enable visibility) is valorised by SMEs
- Better monitoring and traceability of project results (and respective visibility / scrutiny) would be appreciated by SMEs

Annex 7 Report institutions web survey

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1 SURVEY DESIGN, ADMINISTRATION AND TREATMENT STRATEGY

1.1 GENERAL ASPECTS

As stated in the Inception Report (IR) and the Surveys Strategy document (Annex A1 to the Desk Phase Report), two types of surveys shall be used in this evaluation exercise:

| | Institutional survey | SME surveys |
|--------------------|---|---|
| Purposes | Key and complementary findings | Analyses related to final beneficiaries (e.g. SMEs; individuals) |
| Targets | Stakeholders and beneficiaries in general | Large (uniform) groups of beneficiaries (particularly indirect) |
| Means | Structured questionnaires | Short structured questionnaires |
| Application | All | Relevance Effectiveness Impact Coherence EU value added |

The target group of the Institutions Survey consists of:

- DG Near (the persons managing regional PSD and Competitiveness projects and/or programmes)
- EUDs (the task/sector managers for PSD and Competitiveness)
- International Donors and Financial Institutions
- Beneficiaries such as ministries, other national agencies, regional and sub-regional agencies
- Business support organisations and other intermediaries, such as banks
- All other entities having taken active role(s) in Donor-funded projects, not listed above

The Institutional Survey was used as a means to expand on the information collected during the Desk Study phase and complement findings from field interviews in selected countries.

By targeting only actors with a direct stake in programmes/projects, this tool allows for deepening specific aspects of the analysis, in fields where, for instance, document information may be incomplete, inexistent/insufficient or even contradictory. The Institutional Survey has similar aims as personal interviews, being by nature a structured research tool.

The Institutional Survey is designed so that, whilst allowing for good levels of depth and detail, adequate response would be expected within reasonable period of time and level of effort.

1.2 SURVEYS ADMINISTRATION TOOL

The survey was administered through Survey Monkey (<https://www.surveymonkey.co.uk>), a well-recognised and widely used web-based survey tool.

1.3 SURVEY DESIGN

The Institutions Survey shall allow for:

- Identifying and characterising the respondents' base and categorising it along type of institution.
- Only Institutions having participated in any EU-funded Private Sector Development (PSD) project(s) in the period 2010-2015 shall be invited to respond. Those not confirming having had such participation shall be waived from responding.
- Each respondent shall be asked to specifically identify up to 3 projects in which it has participated during the relevant period. This shall enable project-specific analyses if and when appropriate, as this may be very useful to complement the Desk Study carried out in relation to the same countries from which Institutions are responding.
- Collecting data on:
 - The role and motivation of the respondent in each of the identified projects
 - Interactions among PSD projects (those not confirming having had such kind of interactions shall jump the respective questions)
 - Continued use of benefits by beneficiary SMEs (those not confirming that the beneficiary SMEs continue to benefit from any of the identified projects shall jump the respective questions)
 - Respondents' degree of satisfaction in relation to the selected projects
 - Implementation factors that contributed to successful performance of PSD projects
 - Projects' impact and sustainability (respondents' opinions/perceptions)
 - Respondents' opinions/perceptions on the contribution that the PSD projects had to institutional, organizational and/or staffing capacities development, at either project participants and/or beneficiaries level
 - Projects' complementarity and/or overlapping
 - Participation of different types of Organisations in projects
 - Identification of good practices in projects

Depending of the type of the Institution responding, the following areas of questioning shall then apply:

| Question groups Types of Institution | EUDs | International Donors | Public Bodies | IFIs | NFIs | BSOs | Other |
|--|------------------------------------|----------------------|---------------|------|------|------|-------|
| Questions related to: <ul style="list-style-type: none"> • European Neighbourhood Policy (ENP) • EU Budget Support • NIF • DCFTAs | Only in ENI East and South regions | | | | No | | |

| Question groups Types of Institution | EUDs | International Donors | Public Bodies | IFIs | NFIs | BSOs | Other |
|--|-------------|-----------------------------|----------------------|-------------|-------------|-------------|--------------|
| Growth in jobs within Business Support Organisations (BSOs) | Yes | | | | No | | |
| Effectiveness of Private Sector Development (PSD) support in a number of fields | Yes | | | | No | | |
| Effectiveness of assistance received from International Financial Institutions (IFIs) in terms of sustainable results in relation to both business sectors and business support areas | Yes | | | | No | | |

There will exist different versions of the Survey for IPA and ENI regions, as it stems from the table above on questions specifically related to European Neighbourhood Policy (ENP), EU Budget Support, NIF and DCFTAs, which are specific to ENI regions.

Relevant Evaluation Questions / Indicators

- 5.2.a - Frequency and format of professional interaction: to what extent have you established working relations with beneficiaries of other projects; does this cooperation strengthen the realisation of EU policy?
- 5.3.a - Beneficiaries utilise outputs of at least one national and one multi-country PSD/Competitiveness project
- 7.1.a - Projects identified which succeed, or are likely to succeed, in delivering quality outputs and results on time and within budgetary limits
- 7.1.b - Factors related to design and implementation identified which are at the basis of successful performance
- 9.1.b - What was the growth in jobs since 2010 within BSOs
- 12.1.a - Likelihood of key project effects lasting at mid-and long-term
- 12.2 a - Likelihood of key project effects to leverage/multiply at mid-and long-term
- 13.1.a - Sustainability success and failure factors and respective root causes are identified and may be generalised
- 14.1.a - Degree of ownership over R&D and innovation activities
- 15.1.a – How did institutional, organisational and staffing provisions evolve over time, in qualitative and quantitative terms?
- 15.1.b – Which and how many organisations in business support, R&D, innovation, trade enhancement are actively involved in implementation of EU funded projects?
- 18.2.a - Innovative character of EU assistance
- 19.1.a - Degree of complementarity and non-contradiction or overlapping with national or regional programming
- 20.1.b - Success (impact) of EU assistance versus that of donor assistance
- 20.1.c - Areas/sub-sectors effectively covered by financial assistance from IFIs

For ENI East and South, the ToR request that the following additional items are analysed, some of which are not, or are only in a limited way, captured by the EQs:

- Practices of Budget support operations related to reforms of the business environment and structural reforms in the neighbourhood regions
- Study revised European Neighbourhood Policy (ENP)

- Study Deep and Comprehensive Free Trade Areas (DCFTAs)
- Study Neighbourhood Investment Facility (NIF): link with the priorities of the bilateral and regional programmes
- Remarkable practices of budget support on Private Sector Development in the neighbourhood regions

Room was given at the end of the survey for free comments.

The content of each respondent's answers was automatically stored every time s/he clicked "Next" and moved to a following page during the answering process. This allowed the respondent to suspend answering at any time and resume answering at his/her next convenience, provided that the same computer is used. Answers are only stored for one computer for each respondent.

Respondents could at all time review any answer previously provided by navigating within the whole survey through the buttons "Prev" and "Next" at the bottom of each page.

The survey had English and French versions, the latter of which was used in the Maghreb sub-region of EU's South neighbourhood (i.e. Morocco, Algeria and Tunisia).

1.4 SURVEY'S ADMINISTRATION

E-mails with requests for relevant Institutions addresses were sent on 13 June by the Team Leader to all relevant EUDs, in complement to the preliminary lists that were prepared by the Team in result of the document analysis performed during the Desk Phase. The follow-up (reminders, explanations, producing unified address lists) was in the hands of the three junior experts. The lists of Institutions with a direct stake in PSD/Competitiveness programmes/projects were provided by / populated in close collaboration with the relevant EUDs and the evaluation team, and then further treated by the team in order to make sure that only relevant players are targeted.

In most countries, the Institutions addresses lists that were achieved are satisfactory for survey administration purposes, as summarised below:

E-mails with invitation to respond were sent to all relevant targets in English or French (in the case of Algeria).

Dates of invitation e-mails:

- Initial invitation: Late September 2016 (except for Egypt, for which authorisation for survey administration was only received later;
- Reminder invitation (initial for Egypt, following receipt of relevant authorisation): 2nd half October 2016;
- Final reminder: mid November 2016.

1.5 DATA COLLECTION AND TREATMENT

Data collection was closed at the end of November 2016.

Answers to the survey were automatically stored by Survey Monkey and fully accessible to the evaluation team.

The Survey Monkey tool provides a wide variety of data analytical outputs, from simple (aggregate and/or detailed) graphics to statistical analyses. It enables for instance data filtering and cross tabbing, which allow seeing only the questions and responses that meet specific criteria. In general, with Survey Monkey the following is possible/available:

- Real-time results
- Text analysis
- SPSS integration
- Custom reporting

It is furthermore possible to export data tables (detailed and/or aggregate) to e.g. Excel in order to perform specific analytical work that may not be directly made available by the tool.

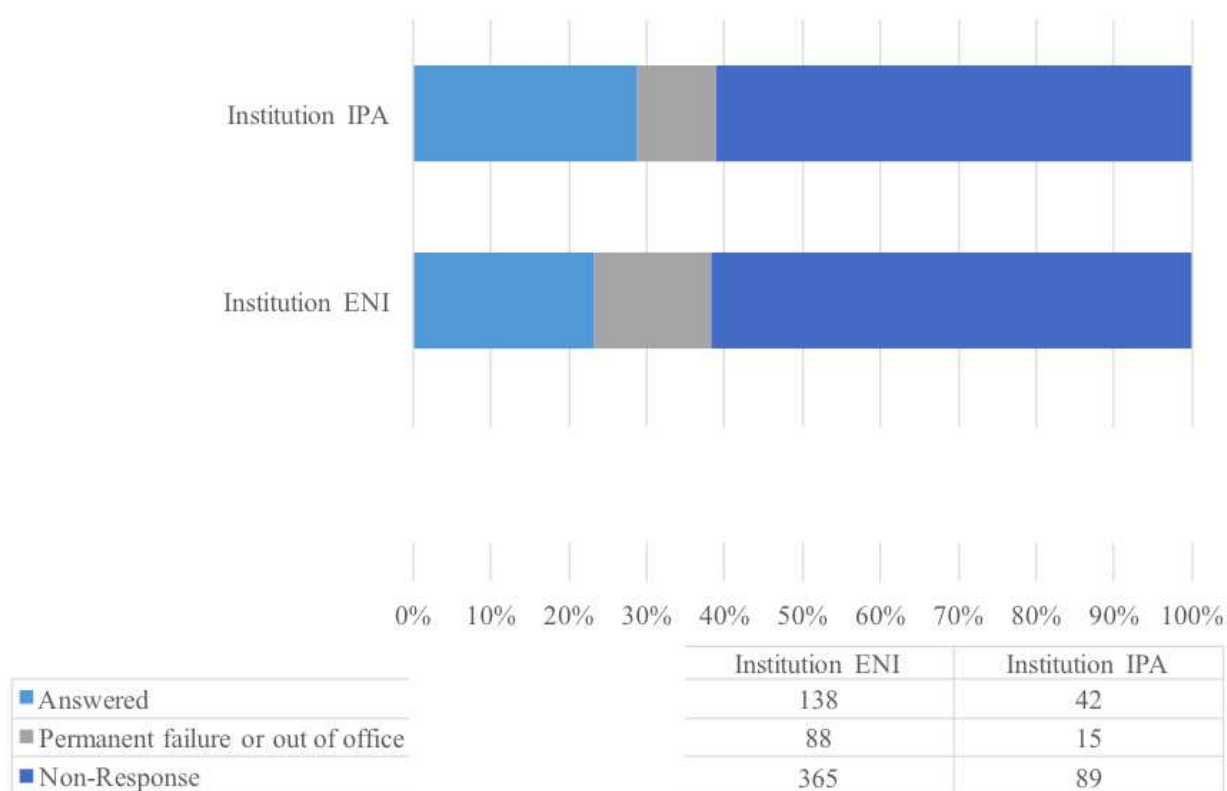
The team thus treated the data in order to obtain relevant answers to the evaluation questions covered by the survey, in order to complement the findings obtained through both desk study and field visits/interviews.

2 CHARACTERISATION OF THE SAMPLE

| Countries | Institution ENI | | | Institution IPA | | |
|---------------|------------------------------|----------|------------------------------------|------------------------------|----------|------------------------------------|
| | Number of person survey sent | Answered | Permanent failure or out of office | Number of person survey sent | Answered | Permanent failure or out of office |
| Algeria | 34 | 5 | 1 | | | |
| Armenia | 55 | 22 | 17 | | | |
| Albania | | | | 24 | 8 | 4 |
| Azerbaijan | 16 | 5 | | | | |
| Belarus | 31 | 6 | 3 | | | |
| Belgium | | 5 | | | 3 | |
| Bosnia | | | | 7 | 2 | 3 |
| Egypt | 37 | 14 | 4 | | | |
| France | | 1 | | | | |
| Georgia | 31 | 9 | 9 | | | |
| Germany | | 1 | | | | |
| Israel | 2 | 1 | | | | |
| Jordan | 115 | 15 | 28 | | | |
| Kosovo | | | | 18 | 5 | 1 |
| Lebanon | 24 | 7 | | | | |
| Luxembourg | | | | | 2 | |
| Macedonia | | | | 4 | 2 | 3 |
| Moldova | 89 | 16 | 9 | | | |
| Morocco | 14 | 6 | 1 | | | |
| Montenegro | | | | 12 | 7 | |
| Multi Country | 29 | | 3 | 10 | | |
| Serbia | | | | 69 | 12 | 3 |
| Tunisia | 73 | 18 | 7 | | | |
| Turkey | | | | 2 | | 1 |
| Ukraine | 41 | 7 | 6 | | | |
| United States | | | | | 1 | |
| Total | 591 | 138 | 88 | 146 | 42 | 15 |

The turnout rate for the Institutions survey is as follows:

- Total invitations sent: 737
- Permanent failure / out-of-office automatic replies: 103 (14%)
- No response: 454 (62%)
- Answers received: 180 (24% of total; 28% of valid invitations)



Although invitations for Egypt were sent later, the response rate for this country is among the highest.

The highest participation is from Armenia within the ENI regions and Serbia within the IPA region.

In terms of geographical distribution of the responses received:

- 77% originate from / relate to ENI (South and East) regions;
- 23% originate from / relate to IPA region

As for the type of institutions, and as detailed in the table below, the highest participation is from Business Support Organizations in ENI countries and European Union Delegations in IPA countries.

| Institution | ENI | IPA |
|--|------------|-----------|
| European Union Delegation | 16 | 11 |
| International Donor (other than the EU) | 2 | 5 |
| International Financial institution | 3 | 3 |
| National Financial institution | 2 | 0 |
| Ministerial department | 8 | 2 |
| National, regional or local Development Agency | 6 | 6 |
| National, regional or local SME Support Centre | 7 | 1 |
| Other public institution | 3 | 1 |
| R & D & I Centre | 3 | |
| Business Incubator | 5 | 3 |
| Business Support Organisation | 26 | 0 |
| Private for-profit organisation/company | 8 | 1 |
| Other | 22 | 0 |
| <i>Not indicated</i> | 27 | 5 |
| TOTAL | 138 | 42 |

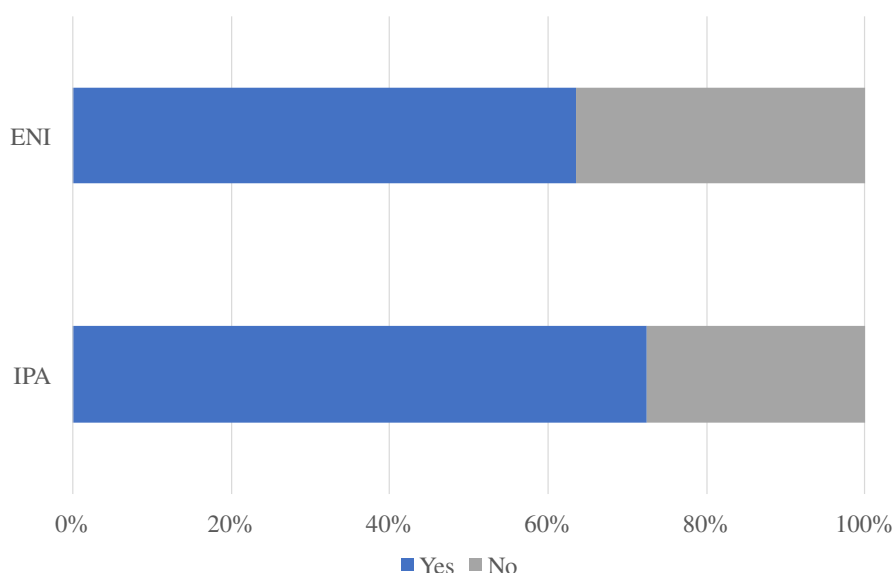
The respondents having chosen “Other” that detailed their type mentioned

- EC / European Union HQ / Eupoean Commission HQ (3 equivalent instances)
- International development agency
- Business Association Union of Legal Entities
- The ESFD is a permanent Organization for poverty alleviation, established as an autonomous department at the Council for Development and Reconstruction (CDR)
- Ministry
- Sectorial Employers’ Organisation
- Intergovernmental Organisation
- Intellectual Property Office of Montenegro, independent public authority under surveillance of the Ministry of Economy of Montenegro

3 ANALYSIS

3.1 PARTICIPATION IN EU-FUNDED PROJECTS

3.1.1 Level of participation



The figure above shows participation in any EU funded Private Sector Development (PSD) Project by responding Institutions. About 2 out of 3 respondents declare that their institutions participated in EU-funded projects between 2010 and 2015. Rate of participation by respondents is higher in IPA (above 2/3) than in ENI (below 2/3).

3.1.2 Institutions’ roles in projects

The table below shows that the most important roles played by the responding institutions (both regions together) were those of international donor and project implementation/member of implementation consortium. There are however significant differences in terms of institutions’ stratification between the two regions:

- In ENI countries, project implementation/member of implementation consortium institutions (29 mentions) and international donors (23 mentions) clearly emerge as the most frequent (3rd position goes to project direct beneficiary with no implementaiton role, with 16 mentions);
- In the IPA region, international donors get 16 mentions, followed by a group composed of project financing institution (other than donor, e.g. IFI), project contracting party (public institution) and project implementation/member of implementation consortium, all with 9 mentions.

It is thus apparent that there is a higher variety of institutions involved in EU-funded PSD projects in the IPA region, whilst in ENI countries the landscape is to a large extent more simply composed of international donors and project implementers. This may however not be taken as a firm conclusion because the composition of the initial sample of the questionnaire may bias the result.

| ENI Countries | | | |
|--|------------|------------|------------|
| Role of the respondent institution | 1. Project | 2. Project | 3. Project |
| International Donor | 9 | 8 | 6 |
| Project Financing Institution (not Donor, e.g. IFI) | 2 | 1 | 0 |
| Project contracting party (Public Institution) | 4 | 3 | 2 |
| Project design | 4 | 2 | 2 |
| Project management / member of Project Management Body/Unit | 5 | 4 | 1 |
| Project monitoring / member of Project Steering Committee | 4 | 4 | 4 |
| Project implementation / member of implementation consortium | 16 | 8 | 5 |
| Project direct beneficiary (with no implementation role) | 9 | 5 | 2 |
| IPA Countries | | | |
| Role of the respondent institution | 1. Project | 2. Project | 3. Project |
| International Donor | 9 | 5 | 2 |
| Project Financing Institution (not Donor, e.g. IFI) | 3 | 4 | 2 |
| Project contracting party (Public Institution) | 4 | 3 | 2 |
| Project design | 2 | 0 | 0 |
| Project management / member of Project Management Body/Unit | 1 | 0 | 0 |
| Project monitoring / member of Project Steering Committee | 0 | 1 | 1 |
| Project implementation / member of implementation consortium | 5 | 3 | 1 |
| Project direct beneficiary (with no implementation role) | 1 | 0 | 1 |

For the few cases marked by respondents as “Other”, the following details were provided (exact non-edited transcriptions):

- Also from Ukrainian side we had the local project coordinator and focal point for each project
- Design and project monitoring was also ensured by EC
- Participated at seminars/trainings
- Just participation
- Participant of the project implementation
- The Ministry is the national co-ordinator of co-operation with donors. It is in charge of the follow-up of the projects from conception/formulation until implementation
- Design and implementation
- Project implementation
- In all cases a form of delegated management
- It is EU funded project. DG NEAR together with the national authorities is responsible for project design and monitoring
- Education, mentoring workshops, connect businessmen from Serbia and Bosnia and Herzegovina

None of the above constitute significant inputs for considering “Other” as a relevant category.

In terms of the motivation of institutions to participate in projects (see table below), the most important in both ENI and IPA is supporting business growth and competitiveness. In ENI Countries, this motivation

appears clearly detached from all the others, with implementation of institutional development, policy priorities and sector development closely clustering in a distant second group. However, respondents from IPA countries declared that the second motivation is “international aid to development”, and this is in a very close position to the more preferred one. Whilst this is certainly influenced by the roles played by the respondents (see above), the differences in motivations may not be fully explained by this factor. It thus seems that, in ENI countries, institutional motivations to participate in EU-funded PSD projects are more driven by the end results to be achieved than by a more general intent of providing aid to development, as it is more the case in IPA region.

| ENI Countries | | | |
|---|------------|------------|------------|
| Motivation for participation | 1. Project | 2. Project | 3. Project |
| International aid to development | 4 | 1 | 2 |
| Finance of private sector | 0 | 3 | 1 |
| Implementation of Donor strategy/priorities | 2 | 3 | 1 |
| Implementation of National/sector/regional priorities | 8 | 3 | 1 |
| National/regional/local development | 4 | 3 | 3 |
| Sector development | 5 | 3 | 2 |
| Institutional development | 4 | 6 | 4 |
| Increase of visibility/notoriety | 0 | 0 | 0 |
| Additional funding to Institution and/or its activity | 0 | 1 | 3 |
| Support to business growth/competitiveness | 26 | 14 | 5 |
| IPA Countries | | | |
| Motivation for participation | 1. Project | 2. Project | 3. Project |
| International aid to development | 7 | 6 | 1 |
| Finance of private sector | 1 | 1 | 3 |
| Implementation of Donor strategy/priorities | 1 | 0 | 0 |
| Implementation of National/sector/regional priorities | 1 | 2 | 1 |
| National/regional/local development | 2 | 1 | 1 |
| Sector development | 1 | 2 | 0 |
| Institutional development | 1 | 2 | 2 |
| Increase of visibility/notoriety | 0 | 0 | 0 |
| Additional funding to Institution and/or its activity | 1 | 0 | 0 |
| Support to business growth/competitiveness | 10 | 4 | 2 |

For the few cases marked by respondents as “Other”, the following details were provided (exact non-edited transcriptions):

- SME adaptation to DCFTA rules
- Business internationalisation and innovation
- Sectorial development
- Support to business growth and competitiveness also very important /synonymous
- Support to SME to identify IP as an asset for competitiveness and growth

- EU funding supports not only development but also the national strategies and capacity building of the institutions

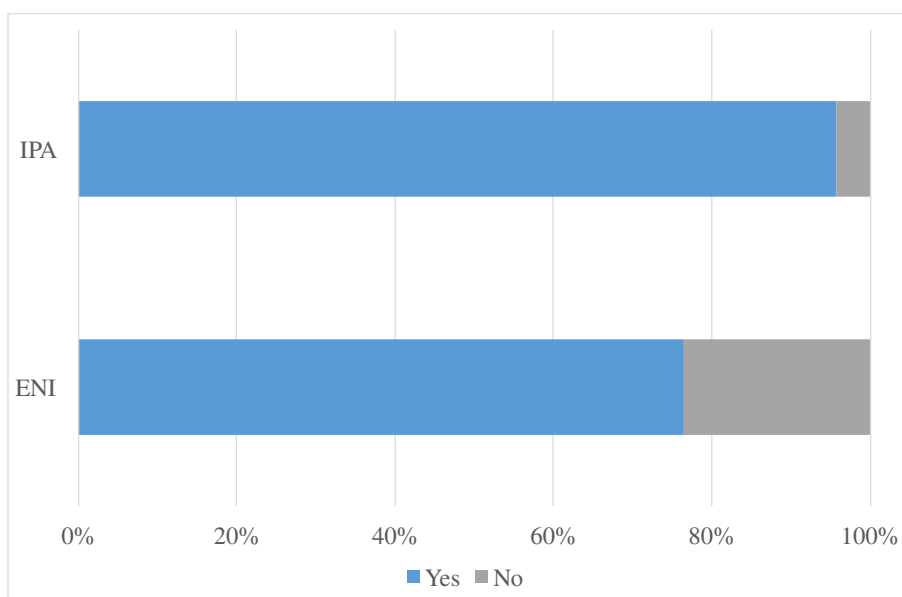
None of the above constitute significant inputs for considering “Other” as a relevant category.

3.2 PROJECTS IMPLEMENTATION AND RESULTS

3.2.1 Interactions between PSD projects by Institutions

As the graph below illustrates, interaction and/or establishment of working relations with other PSD project(s) and/or respective beneficiaries was high among respondents. The gap between IPA (nearing 100%) and ENI (about 3/4) is now wider than in relation to participation, which means that in IPA region Institutions that are involved in EU-funded PSD projects almost always interact with other PSD projects and/or respective beneficiaries.

The two readings above (level of participation and frequency of interaction), higher in IPA than in ENI, may be justified that, in IPA region, the appealing element of EU accession may not only induce higher relative levels of EU funding but also more effectively attract participants to seek collaboration and exchanges among them.



When asked about the type of interactions that took place, and as shown in the table below⁶, whilst the most intensive (but not the most frequent) one in ENI countries is “exchange of contacts”, “avoiding overlaps between projects” comes first in IPA countries. The less intensive type of interaction (excepting “other”) is “co-funding actions” for ENI countries and “collaboration in specific areas of intervention” for IPA countries.

| Interactions | ENI | | | | IPA | | | |
|---|--------------|-----------|-------------|-------|--------------|-----------|-------------|-------|
| | Sporadically | Regularly | Intensively | Score | Sporadically | Regularly | Intensively | Score |
| Exchange of contacts | 9 | 20 | 7 | 70 | 7 | 14 | 1 | 38 |
| Exchange of information | 8 | 23 | 5 | 69 | 7 | 10 | 4 | 39 |
| Participation in events | 11 | 18 | 7 | 68 | 9 | 9 | 3 | 36 |
| Avoiding overlaps between projects | 5 | 21 | 7 | 68 | 5 | 13 | 3 | 40 |
| Alignment of project interventions | 9 | 20 | 6 | 67 | 6 | 12 | 2 | 36 |
| Joint actions for same beneficiaries | 15 | 18 | 3 | 60 | 9 | 8 | 1 | 28 |
| Joint planning for future action | 13 | 17 | 4 | 59 | 7 | 10 | 1 | 30 |
| Co-funding of actions | 22 | 6 | 1 | 37 | 8 | 8 | 1 | 27 |
| Collaboration in specific areas of intervention | 12 | 18 | 3 | 57 | 8 | 7 | 1 | 25 |
| Other | 1 | 3 | 1 | 10 | 1 | 1 | 2 | 9 |

⁶ The “score” is calculated by attributing the value 1 to “Sporadically”, 2 to “Regularly” and 3 to “Intensively” and then adding the three parcels.

For the few cases marked by respondents as “Other”, the following details were provided (exact non-edited transcriptions):

- Guarantee of financing for the projects proposed to the upgrade of the SMEs
- Joint design of new projects
- When planning its assistance the Coimmission consults other donors in the relevant sector/area or ask for collaboration

None of the above constitute significant inputs for considering “Other” as a relevant category.

In the ENI region, only “co-funding of actions” scores detached below all the other types of interactions. In the IPA region, however, “joint actions for same beneficiaries”, “joint planning for future action”, “co-funding of actions” and “collaboration in specific areas of intervention” form a cluster of less preferred types of interaction. Linking this to the fact, noted above, that project interaction is an almost certainty in IPA countries, it may be concluded that there is more focus in this region in terms of what institutions interact for, which may allow to infer that interaction is more purpose-driven, which reinforces the possible catalysing effect of EU accession.

When asked about the contribution of interactions with other projects to the realisation of EU policy (see table below), both respondents in ENI and IPA countries mostly prefer to use “exchange of information”. The second preference is “collaboration in specific areas of intervention” for respondents in ENI countries, whilst it is “exchange of contacts” for respondents in IPA countries. In terms of the less effective types of interactions, institutions in ENI countries clearly detach “co-funding of actions”. In IPA countries, this type of interaction is also the one perceived as least efficient, however the difference to all factors is much less significant. Again linking this result with a lesser interaction frequency and intensity, it thus appears that the institutions in ENI countries have a more frequent perception of EU-funded PSD projects as “stand-alone” initiatives in terms of funding. On the contrary, “collaboration in specific areas of intervention”, being perceived as second in effectiveness to the realisation of EU policy in ENI countries, ranks 3rd lowest in the IPA region (where it is also the less intensive, as seen above). It would be appropriate to deepen the analysis to try and find why this type of interaction is seen so favourably in one case and rather less positively in the other.

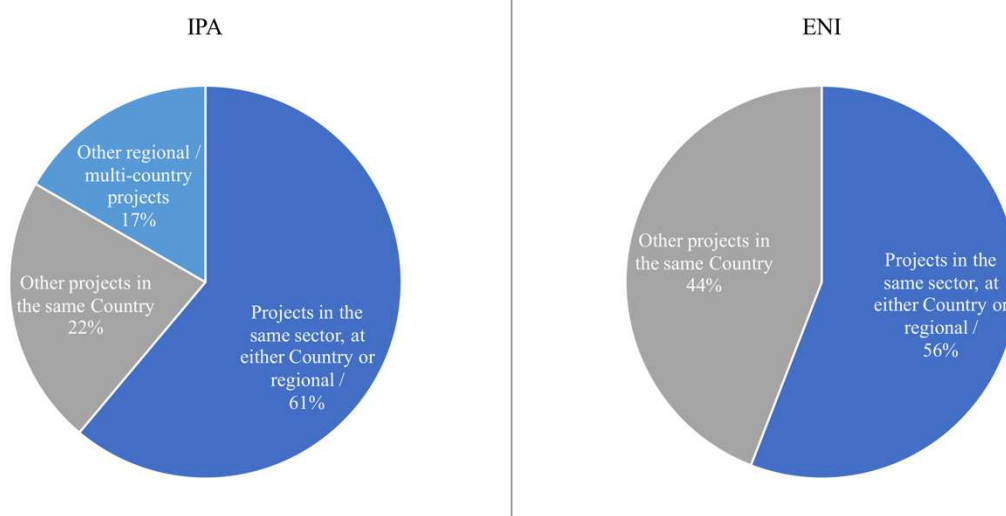
For the few cases marked by respondents as “Other”, the following details were provided (exact non-edited transcriptions):

- CGCI contribution to the instrumentation of the MEDA counter-guarantee fund

The above does not constitute significant input for considering “Other” as a relevant category.

| Interactions | ENI | | | | IPA | | | |
|---|------|-----|------|-------|------|-----|------|-------|
| | None | Low | High | Score | None | Low | High | Score |
| Exchange of contacts | 1 | 15 | 19 | 88 | 1 | 8 | 12 | 53 |
| Exchange of information | 1 | 9 | 25 | 94 | 0 | 4 | 17 | 59 |
| Participation in events | 0 | 13 | 21 | 89 | 1 | 10 | 9 | 48 |
| Avoiding overlaps between projects | 3 | 15 | 16 | 81 | 1 | 6 | 13 | 52 |
| Alignment of project interventions | 1 | 14 | 18 | 83 | 2 | 7 | 11 | 49 |
| Joint actions for same beneficiaries | 2 | 15 | 16 | 80 | 1 | 9 | 7 | 40 |
| Joint planning for future action | 1 | 15 | 17 | 82 | 1 | 8 | 11 | 50 |
| Co-funding of actions | 6 | 12 | 12 | 17 | 2 | 9 | 6 | 38 |
| Collaboration in specific areas of intervention | 3 | 12 | 21 | 90 | 1 | 5 | 11 | 44 |
| Other | 4 | 0 | 0 | 4 | 1 | 2 | 0 | 5 |

In terms of projects’ areas and geographical scope, the picture is also different between ENI and IPA Regions (see graphs below):



Whilst sector is the main driver for project collaboration in both regions, the level of collaboration reported in IPA in relation to multi-country projects in other sectors than that of the respondent's is significant (17%), but totally inexistent in the ENI region. This may, again, be leveraged by the multidisciplinary of the acquis and the need to articulate policies and interventions in multiple fields (including possibly several with cross-cutting nature), and to do this at a multi-country level. This may mean that the multi- and cross-country aspects of policy in PSD are perceived as assuming particular relevant in the framework of the EU accession process.

3.2.2 Type of project outputs and results utilized by the final beneficiaries (SME)

In both country groups, advisory support (national consultancy and international advice) is the most frequent output for SMEs. At a distance, management/strategic and operational/marketing tools (other than IT) appear as the second most frequent group of outputs in ENI countries, whilst in IPA countries management/strategic tools (non-IT) come in second together with other non-financial outputs and two types of financial outputs (linked to loans facilitation/access). According to responses received from EU Delegations, use of / access to loans, together with national and international advice, was more utilised. This is a characteristic of several of the analysed IFI interventions. Respondents from ministerial departments and other public institutions declare that there was an intensive and/or regular use of national and international advisory, operational/marketing tools and non-financial outputs, which means that they may be less sensitive to the effectiveness of combining financial and non-financial support to SMEs, perceiving each of them as being relatively autonomous from the other.

One aspect also deserving attention is that supply of equipment ranks higher in IPA countries (1/3 of maximum score) than in the ENI region (17% of maximum score). The team cannot suggest a plausible explanation for this difference.

| ENI Countries | | | | | |
|---|------|--------------|-----------|-------------|-------|
| Opinions on impact and sustainability | None | Sporadically | Regularly | Intensively | Score |
| Advisory support: National consultancy | 1 | 10 | 15 | 10 | 70 |
| Advisory support: International advice | 2 | 12 | 16 | 6 | 62 |
| Management / strategic tools: IT tools | 7 | 11 | 9 | 4 | 41 |
| Management / strategic tools: Other tools | 1 | 19 | 11 | 3 | 50 |
| Operational / marketing tools: IT tools | 6 | 11 | 10 | 3 | 40 |
| Operational / marketing tools: other tools | 3 | 11 | 14 | 5 | 54 |
| Other non-financial outputs / results | 4 | 12 | 11 | 4 | 46 |
| Financial support / tools: Loan, credit, interest subsidy | 11 | 7 | 12 | 3 | 40 |
| Financial support / tools: Loan guarantee | 12 | 7 | 6 | 4 | 31 |
| Financial support / tools: Equity capital | 16 | 6 | 3 | 1 | 15 |
| In-kind provisions: Supply of land | 21 | 2 | 1 | 0 | 4 |
| In-kind provisions: Supply of building | 20 | 2 | 2 | 1 | 9 |
| In-kind provisions: Supply of equipment | 16 | 7 | 1 | 1 | 12 |
| Other In-kind provisions | 9 | 1 | 1 | 0 | 3 |
| IPA Countries | | | | | |
| Opinions on impact and sustainability | None | Sporadically | Regularly | Intensively | Score |
| Advisory support: National consultancy | 1 | 1 | 14 | 3 | 38 |
| Advisory support: International advice | 2 | 4 | 8 | 4 | 32 |
| Management / strategic tools: IT tools | 3 | 9 | 4 | 0 | 17 |
| Management / strategic tools: Other tools | 2 | 7 | 8 | 0 | 23 |
| Operational / marketing tools: IT tools | 4 | 5 | 6 | 1 | 20 |
| Operational / marketing tools: other tools | 3 | 8 | 3 | 0 | 14 |
| Other non-financial outputs / results | 2 | 6 | 7 | 1 | 23 |
| Financial support / tools: Loan, credit, interest subsidy | 4 | 4 | 5 | 3 | 23 |
| Financial support / tools: Loan guarantee | 4 | 6 | 1 | 5 | 23 |
| Financial support / tools: Equity capital | 8 | 6 | 1 | 1 | 11 |
| In-kind provisions: Supply of land | 10 | 5 | 0 | 0 | 5 |
| In-kind provisions: Supply of building | 10 | 5 | 0 | 0 | 5 |
| In-kind provisions: Supply of equipment | 7 | 6 | 2 | 1 | 13 |
| Other In-kind provisions | 1 | 2 | 1 | 0 | 4 |

For the few cases marked by respondents as “Other”, the following details were provided (exact non-edited transcriptions):

- NB there are also TA associated benefits passed through other 'pillars' of WBEDIF
- The projects are currently under implementation and it is difficult to say

None of the above constitute significant inputs for considering “Other” as a relevant category.

3.3 EFFICIENCY AND EFFECTIVENESS

3.3.1 Satisfaction with projects' quality and delivery timeliness

| Proje 1 | | Quality of outputs / results | | | | Timeliness of delivery | | | | Available budget | | | |
|------------|--------------------------|------------------------------|----|----|-----|------------------------|----|---|-----|------------------|----|---|-----|
| | | P | R | H | N/A | P | R | H | N/A | P | R | H | N/A |
| ENI - Type | National | 0 | 12 | 11 | 2 | 2 | 18 | 4 | 1 | 0 | 17 | 5 | 3 |
| | Multi-country / regional | 0 | 8 | 10 | 0 | 1 | 7 | 9 | 1 | 2 | 14 | 1 | 1 |
| IPA - Type | National | 0 | 9 | 5 | 2 | 1 | 7 | 6 | 2 | 1 | 10 | 5 | 0 |
| | Multi-country / regional | 0 | 4 | 4 | 0 | 0 | 4 | 3 | 1 | 0 | 7 | 1 | 0 |
| Proje 2 | | Quality of outputs / results | | | | Timeliness of delivery | | | | Available budget | | | |
| | | P | R | H | N/A | P | R | H | N/A | P | R | H | N/A |
| ENI - Type | National | 2 | 11 | 5 | 1 | 2 | 12 | 5 | 0 | 3 | 9 | 3 | 4 |
| | Multi-country / regional | 1 | 4 | 6 | 0 | 3 | 4 | 4 | 0 | 3 | 7 | 1 | 0 |
| IPA - Type | National | 0 | 2 | 5 | 1 | 0 | 1 | 6 | 1 | 0 | 5 | 3 | 0 |
| | Multi-country / regional | 2 | 3 | 5 | 0 | 1 | 5 | 3 | 1 | 1 | 6 | 2 | 1 |
| Proje 3 | | Quality of outputs / results | | | | Timeliness of delivery | | | | Available budget | | | |
| | | P | R | H | N/A | P | R | H | N/A | P | R | H | N/A |
| ENI - Type | National | 2 | 5 | 1 | 0 | 1 | 6 | 1 | 0 | 1 | 7 | 0 | 1 |
| | Multi-country / regional | 0 | 6 | 2 | 0 | 0 | 4 | 3 | 1 | 0 | 6 | 1 | 1 |
| IPA - Type | National | 0 | 1 | 5 | 0 | 0 | 3 | 3 | 0 | 0 | 5 | 1 | 0 |
| | Multi-country / regional | 0 | 1 | 2 | 0 | 0 | 1 | 2 | 0 | 0 | 3 | 0 | 0 |

(P = Poor; R = Reasonable; H = High)

The table above shows satisfaction of respondents with the quality, timeliness of delivery and available budget of the projects they participated in.

In general terms, quality of outputs/results (effectiveness) are mostly considered reasonable or high, small differences among regions not being too significant. Multi-country/regional projects appear to deliver higher perceived quality (which sustains the information gathered by the team from document and field work).

In terms of timeliness of delivery (efficiency), the average appreciation by respondents is a bit less positive, with the majority of responses falling in the "reasonable" category. As it happens with effectiveness, there is a slight advantage multi-country/regional projects.

In relation to budget availability (which may be linked to quality of design), the "reasonable" grading is pervasive, with few cases of "high" classification (nearly as many as for "poor". It thus seems that, in average, project budget availability is just enough, but not comfortable, for the activities that need being carried out.

3.3.2 Implementation factors that contributed to successful performance of the PSD projects

The following table (below) identifies and shows the weight of the implementation factors that contributed to successful performance of the PSD projects in which respondents were involved. All factors are over the significant satisfactory level for ENI countries, but there are 6 factors in IPA countries falling are below "significant" satisfactory level. These are:

- Good governance
- Respect of planning budget
- Good application of LFA
- Inclusiveness
- cross-cutting factors
- coordination-collaboration with other projects

For ENI countries, the most relevant factor for successful project performance is "management quality" (score: 2.47, above the "significant" level), whilst for IPA it is "technical quality of team(s)/experts involved" (score: 2.63, approaching the "very significant" level). The second most relevant factor for IPA is "reaching the defined target groups" (score: 2.63) and for ENI is "technical quality of team(s)/experts

involved" (score: 2.44). The average score of all factors listed is very similar for both regions and close to "significant" level: 2.13 for IPA and 2.14 for ENI.

For the few cases marked by respondents as "Other", the following details were provided (exact non-edited transcriptions):

- IPOM is involved in the IPA 2014 , its implementation has not started yet
- Please note that the implementation of the projects is mainly followed by the EUD. The projects are currently under ipmplementation and we face certain difficulties

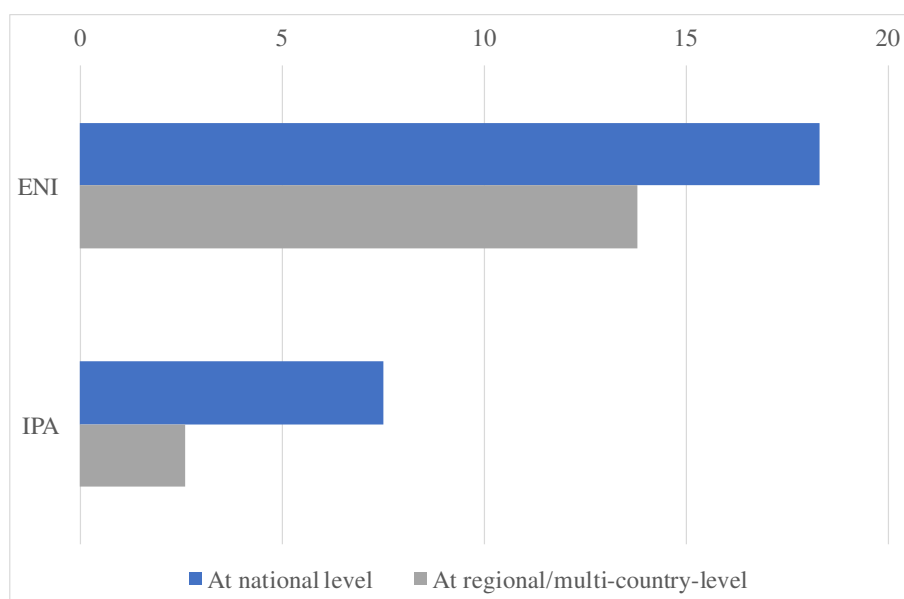
None of the above constitute significant inputs for considering "Other" as a relevant category.

| | ENI Countries | | | | |
|---|---------------|-------|-------------|------------------|-------|
| | None | Small | Significant | Very significant | Score |
| Effectiveness | 0 | 5 | 19 | 15 | 2,26 |
| Efficiency | 0 | 3 | 20 | 16 | 2,33 |
| Good governance | 1 | 4 | 13 | 19 | 2,42 |
| Management quality | 2 | 1 | 17 | 19 | 2,49 |
| Technical quality of the team(s) / experts involved | 1 | 2 | 19 | 20 | 2,44 |
| Participated actions | 1 | 3 | 15 | 15 | 2,36 |
| Respect of planning/budget | 0 | 5 | 15 | 17 | 2,32 |
| Flexibility/adaptability | 2 | 5 | 13 | 19 | 2,38 |
| Good application of the Logical Framework Approach | 1 | 11 | 15 | 11 | 2,00 |
| Good monitoring | 0 | 9 | 17 | 14 | 2,13 |
| Choice of roject partners | 1 | 4 | 16 | 17 | 2,35 |
| Reaching the defined target groups | 0 | 3 | 16 | 18 | 2,41 |
| Geographical scope / coverage | 0 | 6 | 13 | 19 | 2,34 |
| Inclusiveness | 3 | 4 | 16 | 15 | 2,31 |
| Cross-cutting factors | 3 | 8 | 16 | 10 | 2,06 |
| Coordination / collaboration with other projects | 2 | 9 | 13 | 15 | 2,16 |
| Other | 1 | 1 | 4 | 1 | 5,00 |
| IPA Countries | | | | | |
| Effectiveness | 1 | 2 | 10 | 7 | 2,26 |
| Efficiency | 0 | 0 | 12 | 6 | 2,33 |
| Good governance | 0 | 5 | 9 | 4 | 1,94 |
| Management quality | 1 | 0 | 9 | 8 | 2,47 |
| Technical quality of the team(s) / experts involved | 0 | 0 | 7 | 12 | 2,63 |
| Participated actions | 0 | 2 | 13 | 3 | 2,06 |
| Respect of planning/budget | 0 | 4 | 12 | 3 | 1,95 |
| Flexibility/adaptability | 0 | 0 | 13 | 7 | 2,35 |
| Good application of the Logical Framework Approach | 1 | 2 | 15 | 1 | 1,94 |
| Good monitoring | 0 | 1 | 15 | 3 | 2,11 |
| Choice of roject partners | 1 | 1 | 10 | 7 | 2,33 |
| Reaching the defined target groups | 0 | 1 | 6 | 13 | 2,60 |
| Geographical scope / coverage | 1 | 4 | 10 | 4 | 2,00 |
| Inclusiveness | 1 | 3 | 13 | 2 | 1,94 |
| Cross-cutting factors | 1 | 8 | 7 | 1 | 1,56 |
| Coordination / collaboration with other projects | 3 | 7 | 6 | 2 | 1,67 |
| Other | 0 | 0 | 1 | 0 | 5,00 |

3.4 IMPACT AND SUSTAINABILITY

3.4.1 Jobs growth in BSOs

The graph below shows growth in jobs within Business Support Organisations since 2010. The growth rate in ENI countries is three times higher than that of IPA countries, the difference being even more perceptible at the regional/multi-country level.



3.4.2 Impact and sustainability of PSD projects

The table below shows opinions of respondents on EU-funded PSD/Competitiveness projects' impact and sustainability. Respondents in ENI countries (average score: 2.22, above "significant" level) are more positive than their colleagues in the IPA region (average score: 1.93, below "significant" level). In both regions, the highest rank goes for project relevance, followed by likelihood of lasting project effects, and the lowest rank is given to ownership on R&D and innovation.

| ENI Countries | | | | | |
|---|------|-------|-------------|------------------|-------|
| Opinions on impact and sustainability | None | Small | Significant | Very significant | Score |
| Project relevance in terms of meeting concrete needs | 0 | 2 | 19 | 19 | 2,43 |
| Likelihood of key project effects lasting at mid-and long-term | 0 | 4 | 16 | 17 | 2,35 |
| Likelihood of key project effects to leverage/multiply at mid-and long-term | 0 | 5 | 17 | 16 | 2,29 |
| Degree of ownership by (most relevant) beneficiaries | 0 | 4 | 16 | 16 | 2,33 |
| Degree of ownership over R&D and innovation activities | 3 | 10 | 10 | 8 | 1,93 |
| Other | 0 | 0 | 3 | 0 | 2,00 |
| IPA Countries | | | | | |
| Project relevance in terms of meeting concrete needs | 0 | 3 | 11 | 6 | 2,15 |
| Likelihood of key project effects lasting at mid-and long-term | 0 | 3 | 11 | 4 | 2,06 |
| Likelihood of key project effects to leverage/multiply at mid-and long-term | 0 | 3 | 14 | 0 | 1,82 |
| Degree of ownership by (most relevant) beneficiaries | 0 | 4 | 10 | 5 | 2,05 |
| Degree of ownership over R&D and innovation activities | 1 | 9 | 6 | 1 | 1,50 |
| Other | 0 | 0 | 2 | 0 | 2,00 |

For the few cases marked by respondents as "Other", the following details were provided (exact non-edited transcriptions):

- The project implementation has not started

- Good impact of the projects could be achieved only if there is political will of the beneficiary. The impact will be measured at the end of the project. The projects have good potential on impact

None of the above constitute significant inputs for considering “Other” as a relevant category.

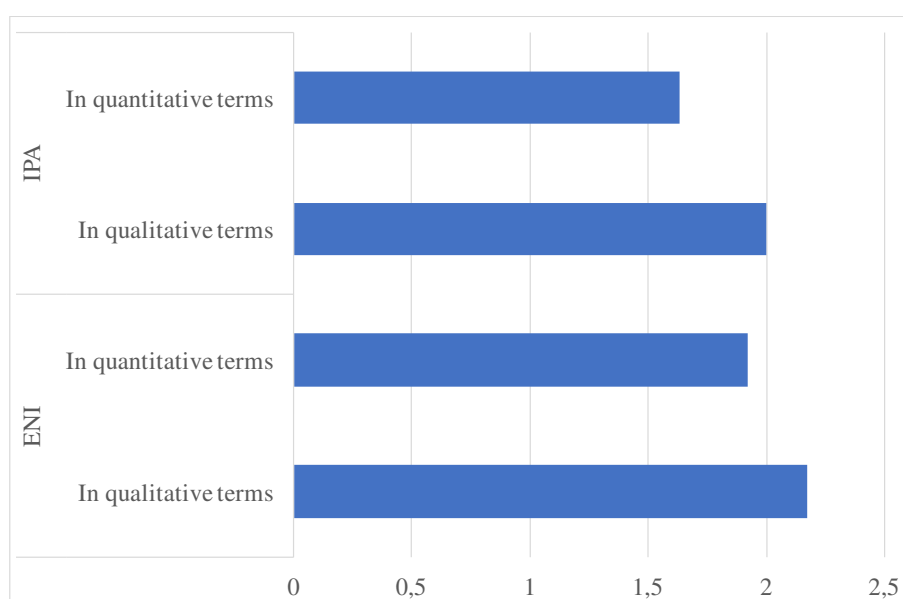
3.4.3 Ownership over R&D and innovation activities

Looking in more detail at the factor lowest ranked in both regions, and as detailed in the table below, highest ranks were given in ENI region by International Donors (other than the EU), followed by (other) BSOs. In IPA, highest rank was given by IFIs and Other Public Institutions. Lowest ranks were given by IFIs in ENI and by Business Incubators in IPA.

| Institutions represented | ENI Countries | | | | | IPA Countries | | | | |
|--|---------------|-------|-------------|------------------|-------|---------------|-------|-------------|------------------|-------|
| | None | Small | Significant | Very significant | Score | None | Small | Significant | Very significant | Score |
| European Union Delegation | 0 | 3 | 1 | 2 | 1,83 | 0 | 5 | 2 | 0 | 1,29 |
| International Donor (other than the EU) | 0 | 0 | 0 | 1 | 3,00 | 0 | 0 | 0 | 0 | 0,00 |
| International Financial institution | 0 | 2 | 0 | 0 | 1,00 | 0 | 1 | 1 | 1 | 2,00 |
| National Financial institution | 1 | 0 | 0 | 0 | 0,00 | 0 | 0 | 0 | 0 | 0,00 |
| Ministerial department | 1 | 0 | 1 | 0 | 2,00 | 0 | 0 | 0 | 0 | 0,00 |
| National, regional or local Development Agency (public) | 0 | 0 | 0 | 0 | 0,00 | 0 | 1 | 2 | 0 | 1,67 |
| National, regional or local SME Support Centre (public) | 0 | 1 | 2 | 0 | 1,67 | 0 | 0 | 0 | 0 | 0,00 |
| Other public institution | 0 | 0 | 1 | 0 | 2,00 | 0 | 0 | 1 | 0 | 2,00 |
| R & D & I Centre | 0 | 0 | 0 | 0 | 0,00 | 0 | 0 | 0 | 0 | 0,00 |
| Technology Park or Centre | 0 | 0 | 0 | 0 | 0,00 | 0 | 0 | 0 | 0 | 0,00 |
| Business Incubator | 0 | 1 | 1 | 1 | 2,00 | 0 | 1 | 0 | 0 | 1,00 |
| (other) Business Support Organisation (private not-for-profit) | 0 | 1 | 3 | 3 | 2,29 | 0 | 0 | 0 | 0 | 0,00 |
| Private for-profit organisation/company | 1 | 0 | 0 | 0 | 0,00 | 0 | 0 | 0 | 0 | 0,00 |
| Other (please specify) | 0 | 2 | 1 | 1 | 1,75 | 1 | 1 | 0 | 0 | 1,00 |

3.4.4 Evolution of organisational and staffing provisions

The graph below shows the evolution of organisational and staffing provisions over time in qualitative and quantitative terms. In both regions, qualitative increase is higher than quantitative increase. “2” is the level of significant increase. Therefore, it can be said that increase in qualitative terms was classified as having been significant (IPA) or more than significant (ENI)



3.4.5 Number of organisations in business support, R&D, innovation, trade enhancement that are actively involved in implementation of EU funded projects

The table below details responses in relation to which kind and how many organisations in business support, R&D, innovation, trade enhancement are actively involved in implementation of EU funded

projects. As perceptions vary a lot among respondents, what should be looked at are the mean and the median responses.

As it can be seen, active participation is higher in the ENI regions than in the IPA region. This difference is visible in all types of organisations, with a peak on trade enhancement-related organisations (which is natural due to the fact that international trade faces much higher barriers in ENI than in IPA). Financial Institutions and other relevant Organisations also present differences higher than other types of organisations, but still far from what is observed in relation to trade enhancement.

One factor deserving attention, which may be linked to the low rank awarded to ownership on R&D and Innovation (see points 3.4.2 and 0), is that the number of Innovation-related Organisations is the lowest in both regions (and where the inter-regional gap is also smallest). It may thus be appropriate to seek for higher involvement of this type of organisations to enhance ownership on R&D and Innovation.

| Organizations | ENI Countries | | | | IPA Countries | | | |
|---|---------------|---------|------|--------|---------------|---------|------|--------|
| | Minimum | Maximum | Mean | Median | Minimum | Maximum | Mean | Median |
| Business Support Organisations (BSOs) | 0 | 200 | 28 | 10 | 1 | 100 | 13 | 3 |
| R&D Institutions / Organisations | 0 | 80 | 7 | 2 | 0 | 20 | 4 | 2 |
| Innovation - related Organisations | 0 | 15 | 3 | 2 | 0 | 8 | 2 | 1 |
| Trade enhancement - related Organisations | 0 | 600 | 40 | 3 | 0 | 15 | 3 | 2 |
| Financial Institutions | 0 | 50 | 8 | 6 | 0 | 8 | 2 | 1 |
| Other relevant Organisations | 0 | 30 | 9 | 4 | 0 | 16 | 3 | 1 |

3.5 EU VALUE-ADDED

3.5.1 Innovative character and success of EU assistance

The table below shows that IPA projects are perceived as having less innovative character than those in ENI. This difference is higher in relation to National than to regional/multi-country projects. In both regions, these latter are however more innovative than the former.

| ENI Countries | | | | | | |
|--|--|------|-----|------|-----------|-------|
| | | None | Low | High | Very High | Score |
| The innovative character of EU assistance | National projects/programmes | 1 | 7 | 7 | 2 | 1,69 |
| | Multi-country / regional project(s) / programme(s) | 1 | 3 | 8 | 1 | 1,83 |
| The success (the impact) of EU assistance as compared to what was achieved by other donors' assistance | National projects/programmes | 0 | 7 | 6 | 3 | 1,75 |
| | Multi-country / regional project(s) / programme(s) | 1 | 6 | 5 | 2 | 1,69 |
| IPA Countries | | | | | | |
| The innovative character of EU assistance | National projects/programmes | 0 | 9 | 5 | 0 | 1,36 |
| | Multi-country / regional project(s) / programme(s) | 0 | 4 | 8 | 1 | 1,77 |
| The success (the impact) of EU assistance as compared to what was achieved by other donors' assistance | National projects/programmes | 0 | 2 | 11 | 0 | 1,85 |
| | Multi-country / regional project(s) / programme(s) | 0 | 3 | 7 | 1 | 1,82 |

In both regions, EU assistance is also seen as being more successful in terms of impacts generated than the assistance from other Donors. Contrarily to what happens in relation to its innovative character,

however, it is in the IPA region that this difference is better perceived. Differences at this level between National and regional/multi-country projects are smaller though, and actually not much significant.

3.5.2 Complementarity and non-contradiction or overlapping with national or regional programming

The table below shows the survey results in relation to complementarity and non-contradiction or overlapping of EU PSD/Competitiveness assistance with national or regional programming. Complementarity very much approaches a “very high” rank in both IPA and ENI. Non-overlapping, however, is better ranked in ENI (above mid-level between “low” and high” than in IPA (just above “low” level).

| | | None | Low | High | Very High | Score |
|-----------------|-----|------|-----|------|-----------|-------|
| Complementarity | ENI | 0 | 10 | 21 | 8 | 1,95 |
| | IPA | 0 | 3 | 16 | 2 | 1,95 |
| Overlapping | ENI | 11 | 14 | 9 | 4 | 1,63 |
| | IPA | 4 | 14 | 2 | 0 | 1,13 |

3.5.3 Business areas/sub-sectors effectively covered at national level by financial assistance from IFIs – National level

The table below lists business areas/sub-sectors, in relation to which respondents were asked to indicate the extent to which they were effectively covered at national level by financial assistance from IFIs.

Results in ENI indicate that:

- The sectors best covered are Construction and Public Works, Manufacturing (in general) and Utilities, with ranks above the “high” level;
- A following cluster of sectors, ranking “high”, is composed of the agriculture and agro-industry, wholesale trade and food services;
- Real estate and rental/leasing, social services and other services are the three sectors ranking near or equal to the “low” level.

Results in IPA indicate that:

- No sector ranks on or above the “high” level;
- The sectors most approaching the “high” level are agro-industry, professional services and health care, closely followed by utilities and construction and public works;
- Three areas are ranked “low”, such as the primary sector (agriculture, forestry and animal production), real estate and rental/leasing and food production.

It may thus be concluded that, according to the responses received:

- Financial assistance at the national level from IFIs is perceived as being more effectively covering business sectors in the ENI regions;
- However, IFIs seem to have more difficulty in covering services sectors in ENI than in IPA;
- On the contrary, IFIs seem to better address needs of the agro-food value chain in ENI than in IPA;
- Real estate and rental/leasing are not perceived as being well covered by IFIs in any of the regions.

| Sectors | ENI Countries | | | | | IPA Countries | | | | |
|---|---------------|---|---|----|-------|---------------|---|---|----|-------|
| | N | L | H | VH | Score | N | L | H | VH | Score |
| Agriculture, Forestry and Animal Production (including fisheries) | 0 | 1 | 4 | 1 | 2,00 | 1 | 6 | 0 | 0 | 1,00 |
| Agro-industry (including e.g. food and/or beverages processing/production) | 0 | 2 | 6 | 2 | 2,00 | 1 | 2 | 5 | 0 | 1,71 |
| Mining, Quarrying, and Oil and Gas Extraction | 0 | 2 | 0 | 1 | 1,67 | 1 | 2 | 1 | 0 | 1,33 |
| Utilities (including e.g. production and/or distribution of electricity; distribution of natural gas; water and sewage) | 0 | 1 | 2 | 2 | 2,20 | 0 | 2 | 3 | 0 | 1,60 |
| Environmental Protection, Climate Change, Energy Efficiency and correlated activities | 0 | 5 | 2 | 3 | 1,80 | 0 | 4 | 3 | 0 | 1,43 |
| Construction and Public Works | 2 | 1 | 1 | 2 | 2,25 | 0 | 2 | 3 | 0 | 1,60 |
| Manufacturing (in general) | 1 | 1 | 4 | 3 | 2,25 | 0 | 4 | 1 | 0 | 1,20 |
| Wholesale trade | 1 | 1 | 2 | 1 | 2,00 | 0 | 3 | 2 | 0 | 1,40 |
| Retail trade | 1 | 2 | 1 | 1 | 1,75 | 0 | 2 | 3 | 0 | 1,60 |
| Transportation and Warehousing (including Logistics) | 0 | 3 | 2 | 1 | 1,67 | 0 | 2 | 3 | 0 | 1,60 |
| Information and/or Communication Technologies (ICT) | 0 | 3 | 4 | 2 | 1,89 | 0 | 3 | 4 | 0 | 1,57 |
| Finance and Insurance | 0 | 4 | 1 | 0 | 1,20 | 0 | 4 | 2 | 1 | 1,57 |
| Real Estate and Rental/Leasing | 2 | 2 | 0 | 0 | 1,00 | 0 | 5 | 0 | 0 | 1,00 |
| Professional Services (including e.g. consulting; accounting; engineering) | 1 | 3 | 1 | 2 | 1,83 | 1 | 3 | 2 | 1 | 1,67 |
| Educational Services | 0 | 4 | 3 | 0 | 1,43 | 1 | 3 | 4 | 0 | 1,57 |
| Health Care | 1 | 2 | 1 | 1 | 1,75 | 0 | 2 | 4 | 0 | 1,67 |
| Tourism and Recreation | 0 | 3 | 4 | 1 | 1,75 | 0 | 3 | 4 | 0 | 1,57 |
| Food Services (restaurants, bars, coffee shops etc.) | 1 | 2 | 4 | 2 | 2,00 | 2 | 3 | 0 | 0 | 1,00 |
| Social services/economy | 1 | 3 | 1 | 0 | 1,25 | 0 | 2 | 2 | 0 | 1,50 |
| Other services | 0 | 2 | 0 | 0 | 1,00 | 0 | 0 | 0 | 0 | 0,00 |

3.5.4 Business areas/sub-sectors effectively covered at national level by financial assistance from IFIs – Regional/multi-country level

The table below lists business areas/sub-sectors, in relation to which respondents were asked to indicate the extent to which they were effectively covered at regional/multi-country level by financial assistance from IFIs.

Results in ENI indicate that:

- No sector ranks above the “high” level;
- The sectors best covered are Mining, Quarrying and Oil and Gas Extraction, Utilities, Wholesale trade and Health Care, all ranking on the “high” level;
- The sectors approaching (but not reaching) the “high” level are Environmental Protection, Climate Change, Energy Efficiency and correlated activities, Manufacturing (in general) and agro-industry;
- Several services sectors rank “low” or just a little below: Finance and Insurance, Real Estate and Rental/Leasing, Professional Services, Social services/economy and Other services.

Results in IPA indicate that:

- No sector ranks above the “high” level;
- The sectors best covered are Agro-industry, Mining, Quarrying and Oil and Gas Extraction, Utilities, Wholesale trade, Retail trade, Transportation and Logistics, Information and Communication Technologies and Tourism and Recreation, all ranking on the “high” level;
- The sectors approaching (but not reaching) the “high” level are the Primary sector (agriculture, forestry and animal production), Construction and Public Works and Educational Services;
- Two services sectors rank “low”: Food Services and Social services/economy.

It may thus be concluded that, according to the responses received:

- Financial assistance at regional/multi-country level from IFIs is perceived as presenting a rather balanced efficiency in both regions, with no sectors ranking above the “high” level;
- As it happens at the national level, IFIs seem to have more difficulty in covering services sectors in ENI than in IPA;
- Transportation and Logistics and Information and Communication Technologies are better covered by IFIs in IPA than in ENI;
- Contrarily, IFIs serve better in ENI the sectors of Utilities, Environmental Protection, Climate Change, Energy Efficiency and correlated activities and Health Care;
- Only the Social services/economy sector is not perceived as being well covered by IFIs in any of the regions.

| Sectors | ENI Countries | | | | | IPA Countries | | | | |
|---|---------------|---|---|----|-------|---------------|---|---|----|-------|
| | N | L | H | VH | Score | N | L | H | VH | Score |
| Agriculture, Forestry and Animal Production (including fisheries) | 0 | 1 | 4 | 1 | 2,00 | 1 | 6 | 0 | 0 | 1,00 |
| Agro-industry (including e.g. food and/or beverages processing/production) | 0 | 2 | 6 | 2 | 2,00 | 1 | 2 | 5 | 0 | 1,71 |
| Mining, Quarrying, and Oil and Gas Extraction | 0 | 2 | 0 | 1 | 1,67 | 1 | 2 | 1 | 0 | 1,33 |
| Utilities (including e.g. production and/or distribution of electricity; distribution of natural gas; water and sewage) | 0 | 1 | 2 | 2 | 2,20 | 0 | 2 | 3 | 0 | 1,60 |
| Environmental Protection, Climate Change, Energy Efficiency and correlated activities | 0 | 5 | 2 | 3 | 1,80 | 0 | 4 | 3 | 0 | 1,43 |
| Construction and Public Works | 2 | 1 | 1 | 2 | 2,25 | 0 | 2 | 3 | 0 | 1,60 |
| Manufacturing (in general) | 1 | 1 | 4 | 3 | 2,25 | 0 | 4 | 1 | 0 | 1,20 |
| Wholesale trade | 1 | 1 | 2 | 1 | 2,00 | 0 | 3 | 2 | 0 | 1,40 |
| Retail trade | 1 | 2 | 1 | 1 | 1,75 | 0 | 2 | 3 | 0 | 1,60 |
| Transportation and Warehousing (including Logistics) | 0 | 3 | 2 | 1 | 1,67 | 0 | 2 | 3 | 0 | 1,60 |
| Information and/or Communication Technologies (ICT) | 0 | 3 | 4 | 2 | 1,89 | 0 | 3 | 4 | 0 | 1,57 |
| Finance and Insurance | 0 | 4 | 1 | 0 | 1,20 | 0 | 4 | 2 | 1 | 1,57 |
| Real Estate and Rental/Leasing | 2 | 2 | 0 | 0 | 1,00 | 0 | 5 | 0 | 0 | 1,00 |
| Professional Services (including e.g. consulting; accounting; engineering) | 1 | 3 | 1 | 2 | 1,83 | 1 | 3 | 2 | 1 | 1,67 |
| Educational Services | 0 | 4 | 3 | 0 | 1,43 | 1 | 3 | 4 | 0 | 1,57 |
| Health Care | 1 | 2 | 1 | 1 | 1,75 | 0 | 2 | 4 | 0 | 1,67 |
| Tourism and Recreation | 0 | 3 | 4 | 1 | 1,75 | 0 | 3 | 4 | 0 | 1,57 |
| Food Services (restaurants, bars, coffee shops etc.) | 1 | 2 | 4 | 2 | 2,00 | 2 | 3 | 0 | 0 | 1,00 |
| Social services/economy | 1 | 3 | 1 | 0 | 1,25 | 0 | 2 | 2 | 0 | 1,50 |
| Other services | 0 | 2 | 0 | 0 | 1,00 | 0 | 0 | 0 | 0 | 0,00 |

3.5.5 Business support areas effectively covered at national level by financial assistance from IFIs

3.5.5.1 ENI region

| BUSINESS SUPPORT AREAS | AT NATIONAL LEVEL | | | | | AT REGIONAL / MULTI-COUNTRY LEVEL | | | | |
|--|-------------------|-----|------|-----------|-------|-----------------------------------|-----|------|-----------|-------|
| | None | Low | High | Very high | Score | None | Low | High | Very high | Score |
| SMES AND MICROENTERPRISES | 0 | 3 | 7 | 2 | 1,92 | 1 | 3 | 4 | 0 | 1,38 |
| AGRIBUSINESS | 0 | 4 | 4 | 3 | 1,91 | 0 | 5 | 3 | 0 | 1,38 |
| INNOVATION | 0 | 7 | 3 | 0 | 1,30 | 0 | 6 | 1 | 0 | 1,14 |
| JOBS PROMOTION | 0 | 3 | 4 | 1 | 1,75 | 1 | 4 | 1 | 0 | 1,00 |
| HUMAN RESOURCES DEVELOPMENT / CAPACITY BUILDING | 1 | 2 | 5 | 1 | 1,67 | 0 | 3 | 3 | 0 | 1,50 |
| INCLUSIVE BUSINESS MODELS | 0 | 2 | 2 | 0 | 1,50 | 0 | 3 | 1 | 0 | 1,25 |
| INVESTMENT CLIMATE REFORM | 0 | 4 | 0 | 0 | 1,00 | 0 | 3 | 0 | 0 | 1,00 |
| ENVIRONMENT / ENERGY EFFICIENCY / CLIMATE CHANGE | 0 | 6 | 3 | 0 | 1,33 | 0 | 3 | 3 | 0 | 1,50 |
| OTHER | 0 | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | |

in ENI, support to MSMEs and agribusiness ranks highest, but below “high” grade, at the national level, whilst the highest score (but just half-way between “low” and “high”, is shared by human resources development / capacity building and environment / energy efficiency / climate change.

Investment climate reform ranks lowest, with “low” grade, at both levels, as does jobs promotion at the regional/multi-country level.

3.5.5.2 IPA region

| BUSINESS SUPPORT AREAS | AT NATIONAL LEVEL | | | | | AT REGIONAL / MULTI-COUNTRY LEVEL | | | | |
|--|-------------------|-----|------|-----------|-------|-----------------------------------|-----|------|-----------|-------|
| | None | Low | High | Very high | Score | None | Low | High | Very high | Score |
| SMES AND MICROENTERPRISES | 0 | 5 | 4 | 1 | 1,60 | 0 | 1 | 3 | 1 | 2,00 |
| AGRIBUSINESS | 1 | 3 | 2 | 1 | 1,43 | 0 | 0 | 2 | 0 | 2,00 |
| INNOVATION | 1 | 5 | 2 | 0 | 1,13 | 0 | 4 | 1 | 1 | 1,50 |
| JOBS PROMOTION | 0 | 4 | 3 | 0 | 1,43 | 0 | 1 | 1 | 2 | 2,25 |
| HUMAN RESOURCES DEVELOPMENT / CAPACITY BUILDING | 0 | 5 | 1 | 2 | 1,63 | 0 | 2 | 2 | 1 | 1,80 |
| INCLUSIVE BUSINESS MODELS | 1 | 3 | 1 | 0 | 1,00 | 0 | 3 | 0 | 0 | 1,00 |
| INVESTMENT CLIMATE REFORM | 0 | 2 | 2 | 0 | 1,50 | 0 | 2 | 0 | 0 | 1,00 |
| ENVIRONMENT / ENERGY EFFICIENCY / CLIMATE CHANGE | 0 | 5 | 0 | 1 | 1,33 | 0 | 2 | 1 | 0 | 1,33 |

| BUSINESS SUPPORT AREAS | AT NATIONAL LEVEL | | | | | AT REGIONAL / MULTI-COUNTRY LEVEL | | | | |
|------------------------|-------------------|-----|------|-----------|-------|-----------------------------------|-----|------|-----------|-------|
| | None | Low | High | Very high | Score | None | Low | High | Very high | Score |
| OTHER | 0 | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | |

In IPA, Support to MSMEs and agribusiness ranks highest, with “high” grade, at regional/multi-country level. Rating below “high”, human resources development / capacity building is the best ranked business support area in terms of IFI coverage in IPA region at national level, closely followed by support to MSMEs and agribusiness.

Inclusive business models rank lowest, with “low” grade, at both levels, as does investment climate reform at the regional/multi-country level.

3.5.5.3 Total

| BUSINESS SUPPORT AREAS | AT NATIONAL LEVEL | | | | | AT REGIONAL / MULTI-COUNTRY LEVEL | | | | |
|--|-------------------|-----|------|-----------|-------|-----------------------------------|-----|------|-----------|-------|
| | None | Low | High | Very high | Score | None | Low | High | Very high | Score |
| SMES AND MICROENTERPRISES | 0 | 8 | 11 | 3 | 1,77 | 1 | 4 | 7 | 1 | 1,62 |
| AGRIBUSINESS | 1 | 7 | 6 | 4 | 1,72 | 0 | 5 | 5 | 0 | 1,50 |
| INNOVATION | 1 | 12 | 5 | 0 | 1,22 | 0 | 10 | 2 | 1 | 1,31 |
| JOBS PROMOTION | 0 | 7 | 7 | 1 | 1,60 | 1 | 5 | 2 | 2 | 1,50 |
| HUMAN RESOURCES DEVELOPMENT / CAPACITY BUILDING | 1 | 7 | 6 | 3 | 1,65 | 0 | 5 | 5 | 1 | 1,64 |
| INCLUSIVE BUSINESS MODELS | 1 | 5 | 3 | 0 | 1,22 | 0 | 6 | 1 | 0 | 1,14 |
| INVESTMENT CLIMATE REFORM | 0 | 6 | 2 | 0 | 1,25 | 0 | 5 | 0 | 0 | 1,00 |
| ENVIRONMENT / ENERGY EFFICIENCY / CLIMATE CHANGE | 0 | 11 | 3 | 1 | 1,33 | 0 | 5 | 4 | 0 | 1,44 |
| OTHER | 0 | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | |

When looking at the accumulated figures, no business support area is well covered by IFIs support according to the responses received.

Support to MSMEs is the business support field most effectively covered by IFIs at the National level, coming slightly below human resources development / capacity building at regional/multi-country level.

Agribusiness ranks second at the National level, where Innovation and inclusive business models rank lowest. At the multi-country/regional level, it is investment climate reform that ranks lowest, with “low” grade, followed by inclusive business models.

3.5.5.4 Conclusion

As it would be expected and is confirmed by both document analysis and interviews, support to MSMEs is the area where IFIs perform best in terms of business support areas. Whilst there are differences between regional spaces and National and regional/multi-country levels, two areas emerge as being perceived as less effectively covered by IFIs: investment climate reform and inclusive business models, which is a bit surprising as both may be considered as being well within the scope of IFI’s specialties. It might thus deserve to further work with IFIs in these areas to strengthen beneficiary countries’ and regions’ capacity to provide respective business support.

3.6 QUESTIONS SPECIFIC TO ENI REGIONS

3.6.1 Effectiveness and appropriateness of EU budget support

In this question, ENI Institutions were asked to indicate to what degree they think that EU budget support is an effective and appropriate financing modality for realising structural reforms in general and improving the business environment in particular.

The table below summarises the responses received, showing that Institutions generally consider effectiveness and appropriateness of EU budget support to be above high (which score would be 2.00), with a slight advantage in relation to its contribution for improving the business environment.

| AREAS OF EU BUDGET SUPPORT | None | Low | High | Very high | Score |
|---|------|-----|------|-----------|-------|
| STRUCTURAL REFORMS | 0 | 1 | 9 | 3 | 2,15 |
| IMPROVEMENT OF THE BUSINESS ENVIRONMENT | 0 | 1 | 6 | 5 | 2,33 |

Some EU budget support operations specifically mentioned by respondents as interesting cases are transcribed below:

- TDMEP
- DCFTA-SME budget support
- Direct support to export/investment promotion organisations, BSO's – grants (the team has doubts that this corresponds to a concrete case)
- Direct support to business (top 30 innovative SME's) to strengthen competitiveness

3.6.2 Linkage of the Neighbourhood Investment Facility (NIF) with the priorities of the bilateral and regional programmes

The ENI Institutions that responded to this question rate positively effectiveness of the linkage between the NIF and the priorities of the bilateral and regional programmes, but not quite reaching the "high" score. It is noticeable that such effectiveness is perceived as being higher at National than at regional/multi-country level, and in both cases also better in relation to bilateral than to regional programmes.

| Effectiveness of the linkage (e.g. mutual leveraging effect) between the NIF and the priorities of the bilateral and regional programmes | At National level | | | | | At Regional / Multi-country level | | | | |
|--|-------------------|-----|------|-----------|-------|-----------------------------------|-----|------|-----------|-------|
| | None | Low | High | Very high | Score | None | Low | High | Very high | Score |
| BILATERAL PROGRAMMES | 1 | 2 | 9 | 3 | 1,93 | 1 | 2 | 8 | 1 | 1,75 |
| REGIONAL PROGRAMMES | 0 | 3 | 8 | 1 | 1,83 | 1 | 3 | 4 | 2 | 1,70 |

This may indicate that the NIF, by nature a tool of regional character, is materialised through programmes and projects with better capacity for mutually interacting and leveraging at National level. Such perception may be linked to the fact that many EU-NIF interventions, particularly those carried out by IFIs, target more directly SMEs, which level of concern tends to be higher in relation to issues in their close proximity (being it physical or in terms of their business scope and management).

3.6.3 Effectiveness of EU's Private Sector Development (PSD) to promote/strengthen the European Neighbourhood Policy (ENP)

In relation to the effectiveness of EU's Private Sector Development (PSD) to promote/strengthen the European Neighbourhood Policy (ENP), the ENI Institutions that responded to this question rate positively such effectiveness, but again not quite reaching the "high" (2.00) score. As it happens in relation to NIF linkages (see previous point), it is noticeable that such effectiveness is perceived as being higher at National than at regional/multi-country level, and in both cases also better in relation to bilateral than to

regional programmes. The difference, however, is much smaller in relation to bilateral than to regional programmes, with these latter scoring almost neutrally (about mid-point between “low” and “high”) at regional/multi-country level.

| Effectiveness of EU's PSD to promote/strengthen the ENP | At National level | | | | | At Regional / Multi-country level | | | | |
|---|-------------------|-----|------|-----------|-------------|-----------------------------------|-----|------|-----------|-------------|
| | None | Low | High | Very high | Score | None | Low | High | Very high | Score |
| BILATERAL PROGRAMMES | 1 | 1 | 10 | 2 | 1,93 | 1 | 2 | 7 | 2 | 1,83 |
| REGIONAL PROGRAMMES | 0 | 3 | 10 | 1 | 1,86 | 2 | 2 | 7 | 1 | 1,58 |

This last observation might justify additional research as to the reasons why EU's PSD is apparently failing to, or at least not sufficiently conveying the message of, being effective in regionally implementing initiatives that materialise in tangible advancements of the ENP at a supra-national level.

3.6.4 Effectiveness of EU's Private Sector Development (PSD) to promote/develop Deep and Comprehensive Free Trade Areas (DCFTAs)

Regarding the effectiveness of EU's Private Sector Development (PSD) to promote/develop Deep and Comprehensive Free Trade Areas (DCFTAs), the ENI Institutions that responded to this question rate highly (score 2.00 or above) such effectiveness at the regional/multi-country level, but only neutrally (about mid-point between “low” and “high”) at the National level. As it happens in relation to the two previous points, perception is higher in relation to bilateral than to regional programmes, however the gap is not too significant.

| Effectiveness of EU's PSD to promote/develop DCFTAs | At National level | | | | | At Regional / Multi-country level | | | | |
|---|-------------------|-----|------|-----------|-------------|-----------------------------------|-----|------|-----------|-------------|
| | None | Low | High | Very high | Score | None | Low | High | Very high | Score |
| BILATERAL PROGRAMMES | 1 | 4 | 4 | 2 | 1,64 | 0 | 2 | 3 | 3 | 2,13 |
| REGIONAL PROGRAMMES | 1 | 4 | 4 | 1 | 1,50 | 0 | 2 | 4 | 2 | 2,00 |

It is interesting to notice that, whilst DCFTAs are by nature bilateral deals, it is at the regional/multi-country level that perception of EU's PSD to their promotion is highest. The team cannot advance a specific explanation for this fact, other than a guess that such agreements tend to be rather similar from the EU's perspective, as well as very complex in their nature, which might justify a more efficient and effective treatment at a supra-national level. This in spite of the fact that they shall ultimately need to be translated into the legislation of each individual country.

3.6.5 Common note about EU's PSD and NIF, ENP and DCFTAs

In the three points above, perception by Institutions of effectiveness of EU's PSD is consistently higher in relation to bilateral than to regional programmes. This observation may be correlated to the fact, observed during field interviews, that most regional/multi-country programmes/projects are largely unknown (or just vaguely known) to those Institutions in the ENI countries that are not directly involved in their respective implementation. There may thus exist an issue of communication and/or ownership capacity to be looked at in future regional/multi-country programming to try and counter this effect.

3.7 GOOD PRACTICES IN PRIVATE SECTOR DEVELOPMENT (PSD) PROJECTS

Among the most remarkable practices in Private Sector Development (PSD) projects that were mentioned by respondents, the following deserve being noted:

- The practice of the Idea Corridor that can be used as a methodology for evidence based policy formulation methodology
- The very participatory planning approach adopted by the Ministry of Trade and Industry in defining the scope of action of the TDMEP TA contracts, which has certainly led to higher level of

ownership and strengthened beneficiary engagement – perhaps at the cost of timeliness of delivery

- Introduction of open call for proposals scheme(s) enforcing the academia and industry to work together in a consortium
- International advisory programme helps companies with high potential to internationalise, become leaders in the domestic market and competitive in export. They also become more bankable and innovative, more open to implement new investments
- Training "Grow your consulting business" series developed by EBRD helps local consultants develop their skills and abilities. As such, it grows the consulting market in the country and develops a more sustainable market of services
- The cost-sharing model for supply of Business Development Services within the EBRD SBS programme, which strengthens the commitment, ownership and sustainability of the provided support at the enterprise level. In going forward, more nuanced "capacity and willingness to pay" methodologies could be developed to ensure that the market for BDS is developed on commercial terms.
- Good combination mechanism: Use of commercial banks to lend to SMEs, and use of BDS teams to intermediate between banks and SMEs
- A 90% loan guarantee for innovative start-ups in technology, conditioned that banks do not ask for a collateral, and start-ups contribute 10% of project cost in cash or in kind
- First loss risk cover for participating financial institutions in Belarus under Women in Business Programme, which resulted in easier access to finance for sub-category of borrowers such as women – can be launched in other projects aiming at access to finance
- Co-financing: Whether between IFIs or even at EU level, combining various sources of funding (although often complex initially) can leverage the effect so much further
- Good SME financing risk evaluation and rating
- The follow-up and monitoring system set up in PECAM
- Reliability and traceability of results delivered to clients
- Establishment of tighter linkages between R&D and PSD (two-sense mobility)
- The MOBIDOC instrument set up by PASRI

General considerations about the comments received:

- Suggestions made in relation to strengthening project design (e.g. better evidence-based methodologies and participatory approach practices) are aligned with the team's conclusions
- Good practices in terms of advisory provision (some refer specifically to the EBRD) and their combination with financial or material support are seen as good means of achieving strong results in terms of PSD support
- Some innovative practices in terms of financial instruments, also highlighted by the team's findings, find support in the Institutions' suggestions received
- Strong risk evaluation, monitoring and evaluation systems and procedures are argued for by the Institutions, and coincide with the team's conclusions as means to strengthen projects' efficiency, effectiveness and impacts
- Some examples of effective experiences in linking R&D and PSD, namely linked to mobility, deserve attention for future programming.

Annex 8 Findings sample projects

Judgment criterion 1.2 – *The quality of design of individual projects/interventions/contracts is adequate in terms of intervention logic and definition of indicators.*

Bosnia and Herzegovina.

IPA 2009 – Business infrastructure: The project's intervention logic was clear. The planning of resources and available time was adequate. The PF contains a log-frame matrix, in which the only indicator is "ten studies for business zones, with design documentation, available". This is a measurable indicator, but it does not provide insight in the expected impact. In actual fact, it could have been clear from the very start that with no national money for actual investments, the studies would be neglected.

IPA 2011 – Intellectual Property Rights: The activities were clearly and adequately defined and divided into a number of sub-components in order to follow a logical sequence. There were many result indicators, most of which were well measurable (and have been achieved). The contractor has regularly updated the log-frame matrix and used it as a management tool.

IPA 2011 – Capacity building for trade policies and analysis: Belongs to the same project fiche as IPR. The indicators mainly concern the preparation and enforcement of trade-related regulations, but also enhanced capacities through institution building. The first set of indicators is well-defined, the second set limits itself to "enhanced capacities" which is a flexible concept, difficult to measure. The log-frame matrix provided with the PF is not very helpful as a management tool, but the contractor makes regular updates to ensure its use as a reference document throughout the project.

IPA 2011 – Support to local economic development: This grant scheme is fully managed by the EUD. Its PF contains a multitude of indicators which are well defined and should be measurable. The intervention logic is (too) simple: the EUD launches a call, the applicants do the rest. There is no explicit provision for project preparation support, information meetings, project implementation support, etc. Despite the well-defined indicators, the project approach lacks baseline studies and interim and ex-post checks of indicator achievements. Grant projects are still on-going, but the evaluators did not find proof of actual monitoring mechanisms.

IPA 2013 – Support to SME Competitiveness: Being one of many TAM/BAS/EGP projects executed by the EBRD, the intervention logic is straightforward and has been duly transposed in the project log-frame. SMART indicators have been identified at all levels. The "novelties" related to BiH's alignment with the SBA were smoothly incorporated in the overall logic. The Project Log-frame specifies target values for the indicators identified; baseline values are unfortunately lacking.

Serbia

IPA 2010 – Integrated Innovation Support Programme: - the ROM report of August 2012 says: "An initial intervention logic was designed in the Project Fiche (PF) which has a complex Log Frame Matrix (LFM). It was further refined in the project inception phase. The LFM provides Objectively Verifiable Indicators (OVI), which are deemed SMART". Project reports duly refer to evolving log-frame matrices, but unfortunately, they were not available to the evaluators. There is a good link between needs analysis, objectives, results expected and activities. However, contrary to the ROM report, the evaluators found that some indicators in the project fiche were poorly formulated (e.g. Improved SMEs performance, increased adoption of technologies, improved productivity and new product development, increased awareness of innovation and technology issues amongst key stakeholders and decision makers at local level) and their measurement at the end of the project could only be tentative.

IPA 2011 – Regional Socio-Economic Development Programme II: The LFM with the PF provides reasonably sound intervention logic, although as often the case, most indicators are difficult to measure. The LFM created by the contractor is not available.

IPA 2011 – Enforcement of Intellectual Property Rights: There is a LFM attached to the PF, which is of moderate quality as regards the description of the intervention logic. No LFM was made by the twinning partner, yet the implementation of the project has been efficient and successful, judging the achievement of the benchmarks set at the very beginning.

IPA 2012 – Improving e-business environment: The intervention logic is of high quality with clear objectives and project purpose. The main project rationale, elaborated across three well defined implementation components represents a suitable mix of interventions comprising of institutional capacity strengthening, e-Commerce development, and preparatory actions for technological innovation such as establishing a Government-to-Business (G2B) and e-Invoicing/e-Ordering support. Proper measurement of progress and achievement of results is enabled through adequately defined indicators and targets. The TOR Deliverables Matrix and Component Work Plans have consistently been used as a management tool by the project team to ensure that activities leading to deliverables are met within the planned time-frame.

References to tasks in the TOR Deliverables Matrix are used in all project documentation such as timesheets and reports. In view of the multifaceted nature of this project separate TOR Deliverables Matrices have been prepared for Component 1, 2 and 3. An extra TOR Deliverables Matrix has been prepared in order to include the agreed 7 Added Value Tasks.

At the level of the IPA multi-beneficiary (MB) programme, the evaluation led to the study of seven projects, two of which concerned the same beneficiary with (at least) three allocations each.

IPA 2009; 2013; 2013 – Regional entrepreneurial learning centre SEECCEL: Three direct grants were given to SEECCEL. The rationale for SEECCEL is that it is preferable to have a regional entrepreneurial learning system than various national ones. The intervention logic for all three projects is laid down in the respective project fiches (one for 2009, one for both 2013 projects) and was further elaborated in three DoAs. At the overall objective and the purpose level, one is inappropriate, namely “increase in number of new businesses”. There is no activity in the project that would foster new businesses. Also, a weak indicator is “beneficiary progress in component I and IV of the SBA”, since measuring is cumbersome especially without a baseline. Result indicators detail out the purpose indicator but suffer from the same flaw. The 2013 projects unfortunately use indicators that are tantamount to quantified outputs. There is no indicator showing impact, at the level of country cooperation, joint actions or SME participation; advantages of a unified system in the Western Balkans and Turkey.

The causal effect between activities-outputs-results-impact cannot be distinguished in the project design, although it certainly exists. The above would seem to indicate that the three combined projects were badly designed and hence, did not achieve result or impact. This is not the case; as later sections will show. SEECCEL is a professional organisation and has managed to grow out above the limitations of the design during implementation.

Cards 2006; IPA 2007; 2008; 2009 – European Fund for South-East Europe (EFSE): The first accessible PF dates from 2007 and does not include an intervention logic or indicators of achievement, although the tasks of EIF are well defined. From EIF and EFSE reports over time, evaluators and the general public can gauge the overall investments, the financial position of the fund, local financial institutions they work with, and repartitions of costs and expenditures. It would have been appropriate to include in the PF requirements for reporting on issues such as the growth of jobs in assisted firms, the portion of investments in innovative firms, the evolution of innovative products and actions, the use of environmentally friendly production and products, etc., all with baselines at the beginning of EFSE involvement in each company. It is altogether possible that such information exists, but as far as the Commission Services possess it, it was obviously deemed not relevant for this evaluation.

IPA 2013 – Next generation competitiveness Initiative: The overall purpose of the NGCI project is to improve the competitiveness of the Western Balkan economies by supporting the implementation of the SEE 2020 Vision. One argument for mounting this regional project is that there may be regional value chains that require reinforcement. Additionally, the SEE 2020 vision is per definition a regional initiative and should therefore be tackled at the regional level. Yet, the project’s design is not very strong; it allows the implementer to engage in actions that do not directly and tangibly alleviate the problems in individual countries. Measures to secure sustainability do little to tackle the specific needs (and ownership) of individual countries. The PF includes a log-frame matrix, with objectively verifiable indicators. Abbreviated quotes illustrate these indicators:

- For the overall objective: Positive macro-economic benefits such as improved trade performance, increased government receipts from a more productive business sector, and positive labour market developments.
- For the project purpose: functioning regional sector specific working groups in three sectors; new and/or adapted policy actions which support value chain development in three sectors, identification of synergies at regional level and policy recommendations to expedite development of key sectors, a revised Investment Reform Index.
- For the results: Establishment of three regional, sector-based, industry working groups; identification of barriers which limit the development of regional value chains in three sectors; implementation of regional capacity building projects in three sectors; practitioner-oriented guidance and recommendations for SEE 2020 implementation; vision in at least eight policy dimensions leveraging the methodology used for the IRI; and identification of specific policy constraints and reform priorities which should enable the full implementation of SEE 2020.

The approach is one of conferences and working groups at the regional level, complemented with dedicated research.

Armenia

ENPI 2011 – Strengthening the Enforcement of Intellectual Property Rights – this is part of an overall Action Fiche on support to the Government of Armenia for the implementation of the ENP Action Plan and preparations for the future Association Agreement-Phase II. The action fiche contains a great number of activities under budget support, in the areas of public finance management, public sector transparency and performance, trade/DCFTA as well as complementary actions in the field of PIFC, public procurement, customs, quality infrastructure, removal of barriers to trade, sanitary and phyto-sanitary control, data protection and e-governance. The budget support has no bearing on PSD/Competitiveness, while no intervention logic was found for complementary actions such as IPR. Therefore, the evaluators give a negative judgment regarding the design of the project.

ENPI 2013 – Support to regional development in Armenia – the action fiche does not contain a log-frame matrix, but the contractor has used a “monitoring targets matrix” that serves well as a management tool. It was updated each quarter; the intervention logic is sound; it is structured around the result indicators: number of new jobs created, number of enterprises supported, number of public–non-public partnerships established, number of organisations providing services to enterprises supported and number of organisations providing services to job seekers supported.

ENPI 2014 – Support to SME Development in Armenia – The delegation agreement with GiZ contains a log-frame matrix of very high quality. It shows an intervention logic that establishes a clear causal relationship between activities–outputs–results–purpose. Indicators as such are well defined and in general SMART, although the evaluators are under the impression that some of them are perhaps even slightly too ambitious. Studies to establish baseline values are foreseen.

ENPI 2014 – Armenian SME finance and advice facility – Although no log-frame matrix was encountered among the design documents, the description of the action as well as the delegation agreement with EBRD provide a clear and sound intervention logic, including sufficiently quantified and quantifiable outputs and indicators. The project is ambitious but feasible with the resources available. There is a need to establish baseline values for the indicators, so that continuous measurement will be possible.

Moldova

2010 – Economic Stimulation in Rural Areas – the overall action fiche relates to a budget support programme; it appears to be usual that no intervention logic or log-frame matrices are produced at this level. The relevant partial PSD/Competitiveness actions selected for evaluation were part of a technical assistance package of EUR 3 million covering one-stop-shops, credit lines for SMEs, business incubators and industrial parks. The TA team has produced a log-frame matrix with its inception report; it provides a complete overview of activities and outputs, but is too complicated to serve operationally as management tool. Indicators, insofar as related to PSD/Competitiveness, are well defined and measurable. Broken down for the PSD/Competitiveness elements, the intervention logic is acceptable, but does not always illuminate cause-effect relationships.

2011 – Business development projects under Confidence Building Measures – a log-frame matrix was not found in the few available design documents/project reports. The overall action was planned to be a flexible response to needs encountered in the field, which makes a definition of the intervention logic a tentative process. Yet, regarding the business development component, some indicators were set, such as numbers of SMEs assisted, number of persons trained in the business school, establishment of a business incubator. In general, it is judged that for a project of this size (some EUR 13 million overall), both the intervention logic and the set of indicators are poor.

During the evaluation, the projects *2013 – Intellectual property rights* and *2015 – One-stop-shop for opening and closing business under PAR* were actually being tendered, so that information beyond the action fiches could not be provided. The action fiches themselves provide little insight in the intervention logic of the projects, which leads to a negative judgment on the quality of design.

ENI-EAST regional programme

ENPI 2009 – European Fund for South-East Europe (EFSE) – The fund became active for the Neighbourhood East region in 2011. From EIF and EFSE reports over time, evaluators and the general public can gauge the overall investments, the financial position of the fund, local financial institutions they work with, and repartitions of costs and expenditures. It would have been appropriate to include in the PF requirements for reporting on issues such as the growth of jobs in assisted firms, the portion of investments in innovative firms, the evolution of innovative products and actions, the use of environmentally friendly production and products, etc., all with baselines at the beginning of EFSE involvement in each company. It is altogether possible that such information exists, but it was not shared with the evaluators.

ENPI 2010 – SME finance facility – The NIF action fiche 2010 formulates the expected results as better access to financing for SMEs, and creation of technological poles, enterprise incubators, etc. Related indicators are (1) amount of additional funding mobilised; (2) amount of loans granted by multilateral and national Development Finance Institutions; (3) establishment and functioning of SMEs financing schemes and number of SMEs benefiting from such schemes. At the contract level (KfW and EBRD window), the activities are well-described, with implicit and explicit causal relations between activities-outputs-results-purpose. The description of the action annexed to the contribution agreement states that “all projects implemented under the SME facility-EBRD/KfW window shall be evaluated against the relevant indicators as set out in article 3 of this annex I”, but unfortunately, article 3 does not contain explicit indicators.

ENPI 2012 SBS I – Implementation of EBRD SBS programme – EGP and BAS – Although there is no log-frame matrix in the design documents (the action fiche was not found), the intervention logic as set out in the description of the action is clear and sound. Since the project is a continuation of earlier, similar projects executed by the EBRD, the approach benefits from many lessons learnt. There are numerous result indicators, separately for the components EGP, BAS and the local BAS market level. They are well-formulated and can be quantified. A recent evaluation report of the EBRD small business support programme 2011-2016 shows that indeed, project performance is measurable for all indicators.

ENPI 2013 – Supporting SME policy reforms in the Eastern Partner Countries – This project has no logical framework matrix. Its stated intervention logic actually defines it as a series of national projects, while expected results at the regional level are few and “soft”. The latter are defined as “Increased capacity of policy makers in all EaP countries to undertake SME competitiveness reforms” and “Best practices in SME policy development shared with all six EaP countries through a ‘Competitiveness Roundtable’”. The intervention was designed so that one country would be addressed in depth in each year. The sequence was Armenia, Georgia, Belarus. Nevertheless, the intervention logic basically consists of a series of separate activities that could for the most part have been implemented under national programmes, without loss of efficiency or effectiveness.

ENI South

In general terms, interventions at the different economic framework levels are balanced and correspond to the nature and scope of the projects that were analysed by the evaluation team. In a few cases (e.g. TDMEP – TA – Industry, in Egypt), the level of ownership by key stakeholders and beneficiaries (thus likely enhancing sustainability potential) might have been better ensured through a higher degree of actions at the meso level. In Algeria, the resource to participatory approach at both design and implementation phases contributed positively to balance interventions of the DIVECO I project.

In relation to clarity of the intervention logic in selected projects, all projects analysed at the regional level present well intelligible intervention logics. The cases of e.g. EuroMed Invest, Euro-Med TIFM and EBESM have simple and straightforward intervention logics. In relation specifically to EBESM, however, it is referred in the ROM report dated 28 July 2016 that “the partial reorientation of the project resulted in a slight disconnect between some elements of the intervention logic (some outputs and indicators) and those specified in the Terms of reference. The project has not prepared a new logframe to reflect the change”. In the EuroMed Invest case, the OVIs are relevant and properly quantified.

In the Egyptian case, an improvement in the quality of the logic of intervention of the projects analysed is noticeable (between 2010 and 2015), however, weaknesses still persist as regards the formulation of indicators, their quantification and their attributability to the projects themselves. In the case of the two TDMEP projects, splitting the two strategies was not ideal, but these were the requirements of the Terms of Reference (ToR). The two strategies share topics/sectors and their synergy and complementarities were taken into account. The measures envisaged, and the concrete initiatives (programmes, projects) to be developed, will contribute to the attainment of the objectives of the 2030 vision.

In Algeria, the relevance of several projects might have been improved with more balanced intervention logic in their objectives. Of the four projects having been analysed, the Twinning project “Stratégie d’Innovation Industrielle” is the one which initial intervention logic is more clearly aligned with the needs identified and the established objectives.

Judgment criterion 3.1 – *The process of preparation of contracting documentation does not show avoidable delays.*

| Project | Contracting | | Observations |
|---|---------------------|----------------------|--------------|
| | Programmed deadline | Actual date of award | |
| <i>Bosnia and Herzegovina</i> | | | |
| IPA 2011 – Intellectual Property Rights | Q1 2013 | Feb 2013 | No delay |

| Project | Contracting | | Observations |
|--|---------------------|----------------------|---|
| | Programmed deadline | Actual date of award | |
| IPA 2011 – Capacity building for trade policies and analysis | Q1 2012 | July 2015 | Strong delay of 30 months due to unsuccessful evaluation leading to re-launch of procedure |
| IPA 2011 – Support to local economic development | Q2 2013 | Dec 2013 | Delay around 6 months |
| IPA 2013 – Support to SME Competitiveness | Q3 2014 | Dec 2014 | No significant delay |
| Serbia | | | |
| IPA 2010 – Integrated Innovation Support Programme | Date not available | 27.7.2010. | The implementation started 27-10-2011, which represents an additional delay of more than one year. |
| IPA 2007 – Regional Socio-Economic Development Programme II | Date not available | 26-05-2009 | |
| IPA 2011 – Enforcement of Intellectual Property Rights | Date not available | Jan 2014 | |
| IPA 2012 – Improving e-business environment | Q3 2013 | Dec 2013 | Three months' delay, but for unknown reasons activities started 23-05-14, which brings the delay to 8 months. |
| Multi-beneficiary programme | | | |
| IPA 2009 – SEECEL | 01-10-09 | Oct 2009 | No delays |
| IPA 2013 – SEECEL | Q1 2013 | Nov 2015 | 24 months' delay |
| IPA 2013 – SEECEL | QIV 2013 | Dec 2013 | No delays |
| IPA 2006-2011 – EFSE | No info | | Probably no delays |
| IPA 2013 – Next generation competitiveness Initiative | Q1 2013 | July 2013 | 3 months' delay |
| IPA 2016 EFSE | Q1 2019 | Dec 2016 | Trusteeship with EIF |
| IPA 2010 EFSE | Q4 2016 | Nov 2011 | EIF management, and shares |
| IPA 2008 EFSE | Dec 2016 | Q3 2009 | EIF management, |
| IPA 2007 EFSE | DEC 2015 | Q1 2009 | EIF management, |

| Project | Contracting | | Observations |
|---|---------------------|----------------------|------------------------|
| | Programmed deadline | Actual date of award | |
| Armenia | | | |
| ENPI 2011 – Strengthening the Enforcement of Intellectual Property Rights | Not stated | July 2012 | |
| ENPI 2013 – Support to regional development in Armenia | Not stated | September 2013 | |
| ENPI 2014 – Support to SME Development in Armenia | Not stated | No info | |
| ENPI 2014 – Armenian SME finance and advice facility | Not stated | No info | |
| Moldova | | | |
| 2010 – Economic Stimulation in Rural Areas | Not stated | December 2011 | |
| 2011 – Business development projects under Confidence Building Measures | Not stated | September 2012 | |
| 2013 – Intellectual property rights | Not stated | No info | In tendering procedure |
| 2015 – One-stop-shop for opening and closing business under PAR | Q2 2016 | No info | In tendering procedure |
| Regional programme | | | |
| ENPI 2009 – European Fund for | Not stated | No info | |

| | | | |
|--|------------|----------|--|
| South-East Europe (EFSE) | | | |
| ENPI 2010 – SME finance facility | Not stated | Dec 2010 | |
| ENPI 2012 SBS I – Implementation of EBRD SBS programme – EGP and BAS | Not stated | Dec 2010 | |
| ENPI 2013 – Supporting SME policy reforms in the Eastern Partner Countries | Not stated | Dec 2013 | |

| Project | Contracting | | Observations |
|---|--------------------|----------------------|--|
| | Programme deadline | Actual date of award | |
| Egypt | | | |
| TDMEP - TA on trade & export | April 2015* | September 2015 | Delays in tender documentation preparation – to be confirmed during fieldwork. |
| TDMEP – TA – Industry | March 2015* | September 2015 | Delays in tender documentation preparation – to be confirmed during fieldwork. |
| Research, Development and Innovation Programme phase II | | | Multiple contracts, see below. |
| Promoting Inclusive Economic Growth in Egypt | January 2017** | | Irregularities. |
| * Based on service contract notice | | | |
| ** Based on second service contract notice | | | |
| Algeria | | | |
| DIVECO I | | End 2009 | Delay in mobilising the project's chartered accountant. |
| P3A III (ALGEX) | | April 2014 | No information available. |
| P3A III (Strategie d'Innovation Industrielle) | | Mid 2016 | No information available. |
| PME II (multiple contracts) | | March 2008 | Not applicable. |
| Regional programme | | | |
| SANAD | | August 2011 | |
| EEBRD | | November 2011 | |
| EuroMed Invest | 2013/12 | December 2013 | |
| Euro-Med TIFM | | December 2013 | |
| EBESM | | | Relevant information not provided. |

Judgment criterion 4.1 – *The activities are implemented, and outputs are delivered, as scheduled.*

Bosnia and Herzegovina

IPA 2009 – Business infrastructure: Activities were implemented, and outputs were delivered, on time. Taking into consideration the requirements of the ToR and the results of interviews, the outputs were of adequate quality.

IPA 2011 – Intellectual Property Rights: Activities were implemented, and outputs were delivered, on time. Taking into consideration the requirements of the ToR and the results of interviews, the outputs were of adequate quality.

IPA 2011 – Capacity building for trade policies and analysis: The project is still underway, but is on schedule as regards its activities and outputs. The contractor reports that the BiH counterparts are adequately responsive to project activities. Technical reports are highly specialised (and thus beyond the understanding of the evaluators) but beneficiaries have acknowledged their quality.

IPA 2011 – Support to local economic development: Important milestones have been achieved namely the launch of the call, the evaluation of proposals and the conclusion of contracts with successful applicants. It is beyond the scope of this evaluation to judge the outputs of a dozen individual grant

projects. Yet, many grantees were present during the focus group meeting in Sarajevo and the information obtained indicates that they are on the right way to deliver the required outputs at a high level of quality. The evaluators have not been informed on monitoring, evaluation and management reporting arrangements for the grant scheme. There should be some final closure detailing out achievements. Furthermore, the question of what can and will be done in case of failure of any individual grant project remains.

IPA 2013 – Support to SME Competitiveness: The annual progress report 2015 is clear on the achievements of the project in terms of numbers of SMEs assisted (56), numbers of consultants trained, awareness actions executed, and SBA related policy advice undertaken. The project suffers slightly from the fact that local consultants who were efficiently trained with EBRD, leave the project to become independent consultants or even, to work abroad. The project is on track and outputs are – as may be expected – of high quality.

Serbia

IPA 2010 – Integrated Innovation Support Programme: Due to a combination of unforeseen circumstances, delays in the approval of the required long-term and short-term experts and changes in the specific requirements from MoE and other beneficiaries, the research phase of the IISP encountered substantial delays. This was pointed out by the Monitoring Mission of the Contracting Authority in July 2013. "The project has reached 40% of its implementation lifetime but the expert resources used so far are under spent and imbalanced, according to the progress report as of June 2012. The use of Key Expert days is in proportion (41%) but the Junior Long Term Expert days are under used (9%), Senior Short Term Expert days were used even less (1%), and Junior Short Term Expert days were used least of all (0,8%)."

However, corrective action was taken in the third and fourth quarters of 2012, and IISP succeeded in catching up with its activities in early 2013. From the second quarter of 2013 onwards, activities were on time and were in fact completed ahead of schedule for many sub-activities.

The project was extended with 3 months: the initial project duration was from October 17, 2011 to October 16, 2013 and it was extended until December 31, 2013.

IPA 2011 – Regional Socio-Economic Development Programme II: The project has faced a number of structural changes – four Key Experts were replaced, followed by replacement of the Team Leader, which caused considerable disturbances in the implementation of activities. An Addendum has been approved by the EU Delegation to convert expert days into additional Incidental Budget to help the project through to the end of the programme. Based on the information available, the spending of means and inputs cannot be entirely considered efficient and cost-effective.

Throughout its implementation, the project maintained its schedule except for activities related to participation of RDAs in drafting their RDSs. Outputs however were not of excellent quality which induced the risk that not all expected results would be achieved. The management of the grant scheme may be considered a success story, but the project kept struggling with inter-institutional coordination. The project has adequately coordinated its activities with the project "Development of National policy for Regional Development", which ran in parallel.

IPA 2011 – Enforcement of Intellectual Property Rights: The project has been implemented smoothly without major delays. The only setback was that the Head of the IP Office was replaced twice during the implementation of the project, but the project team managed to compensate for this by investing more effort in briefing of new officials.

IPA 2012 – Improving e-business environment: The efficiency in the first project year was very low marked with significant delays of 8 months. Reasons for the delays were identified in the non-performance of the Team Leader and the Key Expert 2, and lack of proper backstopping by the contractor. The corrective measures undertaken by the contractor proved to be suitable in order to fully turn the project around, from complete failure to an exemplary success story. The management team was replaced, and the backstopping for the project was reinforced. The "Project Recovery Plan" developed as a risk management response proved to be effective for mitigating the efficiency issues. The quality of project implementation tools was reinforced ("ToR Deliverables Matrix" and various quality assurance tools). Project monitoring mechanisms were strengthened through increased coordination and communication between the Consultant, the beneficiaries, and the Contracting Authority.

Key factor for improving the quality of implementation was the new and innovative approach introduced by the newly appointed management team. These good practices included development of a project mission statement, introduction of an induction course for new project experts, and consolidating the organisational structure of the local support team in the office. The new KE2 has also managed to establish good working relations with the beneficiary (MTTT) which contributed to speed up implementation of delayed activities. Meanwhile, the project has been completed and all outputs have been delivered, on time and with good quality.

IPA multi-beneficiary (MB) programme

IPA 2009; 2013; 2013 – Regional entrepreneurial learning centre SEECEL: The schedules of several SEECEL activities were modified due to the “geo-complexity of the region” which, in the opinion of the evaluators, is not a valid argument. Geo-complexity was known from the outset. Negotiations were necessary to iron out political and cultural differences, resulting in delays in confirmations of full participation. Serbia, the last country to confirm its full participation in the project did so at the end of February 2010. SEECEL understood that it was more prudent to postpone activities until all eight member states were fully committed, rather than begin activities and risk alienating late comers and diminishing the feeling of ownership of the programme. The establishment of pilot-schools was postponed until June 2011 due to protracted discussion with members about the activities and criteria. SEECEL staffing procedures originally called for secondment from SEECEL member states but this did not function due to difficulties with local employment laws. A comprehensive external evaluation of the SEECEL activities was planned for 2011, but postponed to 2012 because outputs and results were lagging behind. Clearly, the work programme experienced unexpected delays. At least one of the 2013 projects was started late because earlier activities had not yet yielded the expected outputs. Overall, SEECEL works well, produces adequate outputs but is maimed by the external (multi-country) environment.

Cards 2006; IPA 2007; 2008; 2009 – European Fund for South-East Europe (EFSE): If outputs are considered to be numbers of sub-loans granted to SMEs, the project has been successful. Other outputs are not defined and thus, not reported on.

IPA 2013 – Next generation competitiveness Initiative: The project design (PF, log-frame, DoA) does not contain outputs, but only results. If the OVIs to the results may be considered outputs, they are vague and not easily to quantify. The only way to judge efficiency is by checking whether activities were delivered on time. In relation to SEE 2020 monitoring actions, no significant deviations were detected. The project extension of 4 months was justified by the fact that a high-level conference for the publication of the Competitiveness Outlook (which itself was delivered in December 2015) could not be organised before the first quarter of 2016. Regarding the SEE 2020 sector specific capacity building actions, the number of pilot sectors was reduced from initially 3 to only 2 (tourism and food & beverages value chains), after discussions with stakeholders showed insufficient consensus to select a third sector. According to the contractor, this reduction was compensated by deeper and more thorough work than initially foreseen in the two selected sectors.

Armenia

ENPI 2011 – Strengthening the Enforcement of Intellectual Property Rights: The terminology for outputs used in twinning contracts is “benchmarks”. There are 33 of them in the project; most benchmarks (29) were realised without delays, while the delays incurred amounted to a few months. The evaluators were not able to read all technical output documents, but a self-assessment performed by the project shows that in terms of quality, the outputs were all satisfactory or highly satisfactory. Interviews have confirmed these statements.

ENPI 2013 – Support to regional development in Armenia: This is a complex TA project, with some 24 partial and final outputs (called “deliverables and milestones”). They will not be summed up here. Both the project documents and the interviews at location have shown that the project is in the process of delivering all outputs, reasonably on time and of excellent quality. Many of these outputs have a strategic, policy and/or institutional character and the clear challenge is to turn them into results. See EQ08, EQ09 and EQ10 for details on results.

ENPI 2014 – Support to SME Development in Armenia: the contract was signed between the EUD and GiZ in May 2015. At the time of the writing of this evaluation report, the Inception Report was not yet approved. Therefore, it is not possible to report on the timeliness and quality of outputs.

ENPI 2014 – Armenian SME finance and advice facility: The Description of the Action defines project results, not the outputs to be delivered in support of those results. The evaluators have deduced that the project should lead to at least the following main outputs: (1) Armenian private equity fund established; (2) between 8 and 12 investments realised in Armenian SMEs in a period of 5 years; (3) risk-sharing agreements concluded with local banks, to an amount of at least EUR 35 million; (4) financing agreements concluded with SMEs, to an amount of at least EUR 53 million; (5) advisory support provided to SMEs; and (6) support provided to the local consulting industry. As indicated before, the documentary information provided to the evaluators gives no clues as to the status of the project, so that judgment is limited to the statement that it seems likely that these outputs will be realised.

Moldova

ENPI 2010 – Economic Stimulation in Rural Areas – The project is completed; all expected outputs have been delivered reasonably on time. Yet, the TA project was too complicated, too dispersed over disparate

activities and beneficiaries. The impression is that it has had no other option but to produce outputs as stated in the ToR, regardless of their utility at the time of delivery. Without any criticism to the contractor, the existence of so many small activities and mandatory outputs has rendered the final report unreadable. Some notable outputs that could not be verified in the field, however, are:

- Business Access to Financial Instruments improved;
- ODIMM supported with the establishment of new business incubators, and improvement of performance of existing ones;
- Gender issues mainstreamed through close coordination with the Women Economic Empowerment Project;
- Capital of existing Loan Guarantee Funds increased;
- 120 guarantees for 35 new business entities, 10 of which owned and/or managed by women. 120 new jobs created of which 36 for women;
- Business Incubators supported, resulting in location of 15 new businesses 5 of which are owned and/or managed by women. 25 new jobs created, of which 7 for women.

ENPI 2011 – Business development projects under Confidence Building Measures: There is a shortage of written information on this project, so the evaluators can only repeat the text of the 2013 interim report, that says: “After 20 months of programme implementation (out of 36 in total), the use of financial resources and thus efficiency of the programme is very high. As it is detailed in the attached financial report, 65% of the total budget of 10.6 M EUR was committed, while around 47% was already disbursed. During the remaining 16 months, the programme will focus more on substantive aspects of the work, building synergies between the components and working on sustainability aspects. Changes in the Programme team and organizational structure have affected efficiency. The Programme Manager left in autumn 2012 and was only replaced in May 2013. Another key expert left in June 2013, but no good candidate for replacement was as yet found”. On outputs, their timing and their quality, the evaluators cannot comment for lack of independent information.

ENPI 2013 – Intellectual property rights and ENI 2015 – One-stop-shop for opening and closing business under PAR: Not contracted yet, so no report on outputs.

Regional programme EAST

Due to the large number of stakeholders and the wide geographical coverage, effective sequencing of the various stages of the project cycle has proved to be a difficult and crucial issue. The inherently “diffuse” nature of a Regional Strategy requires strong and efficient coordination mechanisms to ensure proper communication between policy discussion and project implementation, and an adequate level of information and involvement of the various actors.

Thematic platforms have been established in order to ensure the link between multilateral policy discussion and cooperation measures. This approach was expected to increase ownership, but the evaluators have not been able to find concrete evidence on this.

ENPI 2009 – European Fund for South-East Europe (EFSE): If outputs are considered to be numbers of sub-loans granted to SMEs, the project has been successful. Other outputs are not defined and thus, not reported on.

ENPI 2010 – SME finance facility: Both the EBRD and the EIB provide annual progress reports, showing the loan and sub-loan portfolios, several financial parameters and a global description of the technical assistance provided. Reports and statistics on the performance of the companies financed, in terms of, for instance, growth in turnover, growth in jobs, greening operations, internationalisation and innovations are sorely missing. Evaluators, therefore, can only judge whether the money was spent timely and properly; this appears to be the case. It would be helpful to have more information on the pace of “contracting” local banks in the various countries. Other outputs are not defined and thus, not reported on. No judgement on efficiency can be given, which in itself is an invitation for better design of these types of operations

ENPI 2012 SBS I – Implementation of EBRD SBS programme: During its lifetime, the project has executed the activities and delivered its outputs according to plan. Outputs were defined in terms of numbers of SMEs assisted with local advisers (BAS), and with international advisers (EGP), and number of market development activities carried out. The latter concern assistance to the consulting industries in the EaP countries, in order to enhance their impact on the performance of SMEs. The plan was to assist at least 500 SMEs with BAS-type advice, at least 37 SMEs with EGP-type support, and to train at least 100 business advisors. In practice, these numbers ended up as 702 for BAS and 71 for EGP, while the number of advisers/trainees is not clearly distinguishable but certainly higher than 1000. According to EBRDs own reports and information obtained in the field, the outputs were of good quality.

ENPI 2013 – Supporting SME policy reforms in the Eastern Partner Countries: The project assignment has obliged the contractor to deliver outputs such as (1) country-specific guidelines for reforms and SME roadmaps to enhance SME competitiveness developed for up to two priority policy dimensions each in Georgia, Armenia and Belarus; (2) Armenia, Belarus, Georgia, the Republic of Moldova and Ukraine prepared for peer review at the OECD Eurasia Competitiveness Roundtable; (3) capacity increased of policy makers to implement reforms; (4) capacity increased of policy makers in all EaP countries to undertake SME competitiveness reforms and (5) good practices in SME policy development shared with all six EaP countries. The evaluators consider these outputs to be weakly defined, all the more since there are no accompanying indicators. Real outputs are only (1) and possibly (2) and (5), although further definition in terms of “tangible products” is required. Outputs (3) and (4), but also (2) are actually results that can only be tangibly achieved if there are baselines and if the ensuing actions of policy makers can be measured. A time schedule for the activities and related outputs exists; it can hardly be expected that the evaluators judge their timely implementation if available progress reports cover only one third of the project period.

ENI South

In relation to other implementation aspects, no significant delays in implementation were reported in relation to the 5 projects being analysed at the regional level. In this respect, and according to the indicators used by the projects, implementation management seems to have been adequate in all projects.

In Egypt, however, some implementation difficulties have been reported, as for instance bottlenecks on the Beneficiary side in relation to e.g. decision-making capacity and existence of skilful staff in the case of TDMEP – TA on trade & export, and political changes (e.g. change of Members of Government, inducing changes in national action plans) in such projects intervene often. Similarly, the organisation of workflows and human resources, especially in a first phase, are not uncommon and have been the case for the TDMEP – TA – Industry project.

It was reported during field interviews that, common to both TDMEP sampled contracts, if before the revolution, the approach was vertical, now it is horizontal; attempts are made to create ownership and the more intense political dialogue was one reason for the lengthier inception phase (time was taken to see and understand how to most effectively implement the project). TDMEP effectively worked on building capacity, but resources barely compared to the needs.

In the Research, Development and Innovation Programme phase II project, delays were registered in launching and/or implementing all project components. Clarity and application of assessment criteria of the proposals received seem to have been at the root of these delays, which are hardly acceptable reasons. It was argued, during field interviews, that the implementation system, combining decentralised approach with EU's ex-ante control was alleged to be cumbersome; because of this some financing contracts were not signed (60% of funds under R&D&I were spent. This stronger control might be due to some irregularities encountered under R&D&I I. Furthermore, the application of the n+3 rule did complicate things and two calls were not launched at all.

In Algeria, the DIVECO I project had no less than 8 contract addenda: 1 addendum to Financing Agreement to extend project from 72 to 87 months; 7 addenda to service contract related to e.g. duration (36 to 51 months), budget (total budget and respective allocation) and Key Experts appointments. Logistical issues induced some problems in starting decentralised contracts; some supply contracts suffered from delays caused by inadequate performance of contractors. The P3A III (ALGEX) twinning project, problems with the quality and age of ALGEX's IT infrastructure induced delays and determined the reinforcement of the IS component. Delays were observed in (lack of capacity for?) integrating CRM at the PMU and Ministerial levels, signalled since the first meeting of the Project Steering Committee (COPIL, Comité de Pilotage). In the case of PME II (three contracts), some budget reallocations to favour consolidation of professional organisations could not be used. No major deviations were reported otherwise.

Judgment criterion 7.1 – Timeliness and quality of outputs and results.

For the project *IPA 2009 – Business infrastructure*, the implementation was generally of good quality, judging the outputs. Yet, results were not realised in their full potential. It seems that during the programming phase, no pre-feasibility study in relation to the possibilities for financial follow-up of the project was performed. Perhaps the expectation was that once there would be feasibility studies, the money would flow in automatically. Although “failure” is not an appropriate qualification here, it is clear that projects aiming to prepare documentation for infrastructure need, at the programming phase, to ensure that there is at least a good perspective of actual funding of the works. A good illustration is the WBIF, where TA for project preparation is only engaged once one of the financing institutions has “adopted” the project, which happens only if a minimum of ex-ante assessments are performed.

The basic two success factors for the project *IPA 2011 – Intellectual Property Rights*, as far as implementation is concerned, were the sound design and the excellent cooperation with the beneficiary, the IP Institute. The main strength of the design was that it limited itself to provide an answer to the need of the beneficiary; the implementation was successful thanks to the high quality and dedication of the expert team.

The project *IPA 2011 – Capacity building for trade policies and analysis* is the third one in a row; as in the two preceding projects, MoFTER is the main beneficiary, with the entity governments of Federation BiH and Republika Srpska also being involved. Other institutions benefited indirectly from the project activities. Yet, according to the contractor the role of MoFTER as counterpart was reinforced in this project, which considerably enhances the chances for achieving success, since this provides for short lines of contact and direct reaction to any implementation problems. A potential factor for failure is the fact that BiH authorities may not be ready to adopt the project's legislative and regulatory proposals., but according to information received from the EUD this is certainly not the case for the amended Federation BiH law on international trade, since it has been adopted by the BiH Parliamentary Assembly and is currently in the process of public consultation. Adoption is expected in the first quarter of 2017.

IPA 2013 – Support to SME Competitiveness testifies to the fact that well-tested approaches are often more efficient than all types of innovative or experimental methodologies.

All signs point to the fact that the project *IPA 2011 – Support to local economic development* is successfully implemented by the grantees. For now, there are no indications that capacity shortages at the EUD will negatively affect the project's overall performance. Yet, in general, grant scheme projects are more efficient when parallel TA is hired.

IPA 2010 – Integrated Innovation Support Programme is one of the examples of projects in which strong, professional and flexible key experts manage to cope with external setbacks and still manage to deliver all outputs. One of the reasons for the initial efficiency problems was the complex design of the project.

The project *IPA 2012 – Improving e-business environment*, contained such a wide variety of tasks that the implementing team had trouble organising them according to priority and complexity. This caused the project to first go through a long period of sub-standard performance before a new team brought in new élan. In fact, the critical success factor was in the quality of the second team of experts.

No significant conclusions can be derived from the projects SEECEL and EFSE.

IPA 2013 – Next generation competitiveness Initiative suffered from a weak design, following the belief that a large number of high-level meetings and events will automatically deliver some result. The main flaw of this project – as observed in more regional project – is that it did not make provisions for national ownership.

ENI South

At the regional level, and in general terms, all 5 projects analysed seem to have robust approaches, which enable efficient deployment and effective implementation:

- The two projects which main activities consist of setting up and managing financial instruments (which are then provided to MSMEs through intermediary Financial Institutions) have a nature, and normally embed specific rules and procedures (e.g. integrity checks; financial due diligence; requirement of business plans) that constitute standard practice in the sector. This in itself is a significant differentiation factor. Furthermore, the implementation partners have themselves solid track record in performing to good level in this kind of projects.
- In relation to the three other projects, EBESM's ROM report dated 28 July 2016 highlights that "the general relevance of the project has been augmented by the demand-driven orientation of the support provided and by the project team's new approach". An evidence-based approach was followed in this process, and this seems to be a relevant success factor for the project. As the ROM report notes, "thanks to its real demand driven and activity orientation, project ownership has been enhanced to a level which can be assessed as very good among both the primary (the SBA coordinators from MED countries) and secondary target groups (other stakeholders representing public and private sectors)". For the two other regional projects, simple and clear intervention logics, quality of the implementation strategy (and the teams responsible for field deployment) and (analytical and/or participative) procedures to track progress and enable local ownership are the factors which appear as most relevant for quality project implementation.

In relation to national projects in Egypt, information on this matter is rather scarce at this point. It is either not presented in the documents at disposal, or projects are not sufficiently advanced to be able to provide such details. However, some of the necessary preconditions for success identified are: high relevance of

activities planned, the tight planning of the implementation process and fast elaboration and approval of the ToRs for the NKEs.

In the Algerian analysed projects, the following factors emerge:

- Participatory approaches are mentioned as one relevant factor for successful performance of the DIVECO I project.
- In the P3A III (ALGEX) Twinning, adaptation of the intervention to changing reality, quality of the expertise inputs provided, particularly in relation to capacity building, are the two main factors mentioned as sustaining positive project performance.
- For PME II (3 contracts), the rather vague formulation of the Logical Framework played positively in allowing for some implementation flexibility. Regarding implementation, the quality of management and respective establishment of priorities, the capacity to gather and mobilise field operators and smart allocation of resources are considered the most important positive factors.

Judgment criterion 8.1 – *Expected results as stated in project designs, related to aspects of the business environment, are realised or likely to be realised.*

In Albania, no sample projects were selected. Judging the general reports on the country, some progress in the field of entrepreneurial learning was made, but a systematic approach by the national authorities is lacking. EU projects programmed in the period 2010-2015 do include actions to secure youth and women entrepreneurship. They are largely successful in reaching the expected results but their volume is insufficient to have wider effects. In the field of institutional and regulatory framework, key institutions and strategies are in place, the introduction of e-government is progressing well and Albania continues to perform above the regional average for the cost and efficiency of company registration. Most business support services are being provided by the government and co-ordinated by AIDA but suffer as yet from low up-take by the market. For innovation support, the necessary strategic documents exist or are in preparation (e.g. National Strategy for Science, Technology and Innovation for 2016-2020). The institutional support infrastructure to promote innovation within SMEs is limited, while funding remains a bottleneck. Finally, national policies do not include clearly defined environmental policies specifically directed towards SMEs, regulatory and financial incentives for the greening of SMEs are absent.

Bosnia and Herzegovina

The project *IPA 2009 – Business infrastructure* could have had the ultimate effect of establishing new hard infrastructure (business zones, business incubators), but its primary aim was to produce studies. Later actions of entity governments did indeed result in investments in business infrastructure, but this cannot be regarded as a result of the project itself, since the feasibility studies produced were not used to inform these investments. In the opinion of the evaluators, the project has had little to no effect on the improvement of the business environment.

The project *IPA 2011 – Intellectual Property Rights* touches upon the regulatory and institutional framework for SME policy making; in essence, it was an institutional capacity building project. It was found that the services of the IP Institute are in high demand, mostly however from the side of private individuals rather than the entrepreneurs. For the rest, the realisation of results awaits action from the side of the authorities, such as the adoption –and implementation– of the IPR strategy developed by the project. In conclusion, the project has been moderately successful in improving the country's business environment.

The project *IPA 2011 – Capacity building for trade policies and analysis* is also an institution building project. It is still on-going and it is likely that all expected outputs will be delivered. Judging the progress in processing project outputs in the legislative system, there is a good likelihood that project outputs will be turned into results, beneficial to the SME sector. Legislation needs adaptation before WTO membership is possible; country-wide policy documents on agriculture, on export promotion, on SME development are required. There are positive signs concerning the effects of this project on the well-being of SMEs through an improvement of the business environment.

IPA 2011 – Support to local economic development consists of a number of individual grant projects. The ROM reports are positive on the likelihood of realising the outputs, but there are no provisions for further financing them. Results have already been achieved in terms of additional capacity for advice to entrepreneurs, cooperation between groups of SMEs, actual advisory trajectories for SMEs and many more. Alas, there are no financial provisions to continue the activities in order to consolidate the results, so the ultimate effect in terms of an improved business environment is expected to be modest.

IPA 2013 – Support to SME Competitiveness – The results are well-defined but their indicators of achievement for the larger part describe simple project outputs, such as numbers of companies reached

through awareness-raising events, numbers of companies assisted, numbers of advisors engaged, etc. Moreover, although there is little doubt that the project has given a much needed impulse to enterprise development, it was not aimed at improving the business environment as such. Once EBRD ceases to provide the services, there is no national business support infrastructure to continue the work. To be clear, some indicators are indeed related to results; see judgment criterion 9.1

Kosovo

As for entrepreneurial learning, Kosovo as yet lacks the necessary regulatory framework; not much is happening in primary and secondary education but during the period 2010-2015, entrepreneurial learning in higher education improved at all levels. Existing initiatives are mainly part of programmes co-ordinated by the South East European Centre for Entrepreneurial Learning (SEECCEL); it is expected that they will provide a valuable basis for scaling up the implementation of entrepreneurial learning in the coming years. It is significant that Kosovo shows relatively advanced accomplishments in the field of women entrepreneurship; the legislative and strategic framework is in place (Gender Equality law, Kosovo Programme on Gender Equality (2007-2013) and the National Platform for Women Entrepreneurs in Kosovo, established in 2013). Furthermore, dedicated institutions and training possibilities exist, but monitoring and evaluation mechanisms are lacking. Kosovo's institutional framework for SME development is reasonably strong; a broad Private Sector Development Strategy 2013-2017 is in place, a Better Regulation Strategy for 2014-2020 was adopted in 2014, envisaging RIA and ex-post analysis of regulatory impacts on SMEs. Company registration procedures have improved since 2012, institutions in charge, such as the Kosovo Investment and Enterprise Support Agency (KIESA) function well and provide financial and non-financial services to SMEs.

In terms of Innovation policy and innovation support, Kosovo exhibits limited domestic gross expenditure invested in research and development, while there is no inter-governmental body to co-ordinate innovation policy. An innovation strategy is non-existent and the support programmes for innovation the country does have rely heavily on donor funding. Finally, actions aimed at the greening of the economy are scarce; efforts are being made by the Ministry of Environment and Spatial Planning to promote and support recycling activities among SMEs but financial incentives, such as tax incentives, favourable loans/grants, to encourage the greening of SMEs, are not in place due to limited budget as environmental policy is not considered a budget priority

The Former Yugoslav Republic of Macedonia

The country has greatly improved its business enabling environment over the period 2010-2013 as reflected in the country's rise in several international rankings, for example 10 places in the World Bank "Cost of Doing Business" to rank 25 in the 2013 index. However, specific difficulties remain especially in relation to administrative reform necessary to bring administration in line with legal requirements, in enhancement of quality standards and their assessment, in Government repayment of VAT and payment for supplies from SMEs. The performance of the Former Yugoslav Republic of Macedonia regarding entrepreneurship is above the EU average. Female entrepreneurship has also been strengthened through targeted initiatives. In regard to the regulatory and institutional framework for SME policy making, it is noted that since the 2011-13 SME strategy expired, it has not been replaced with a comprehensive SME strategy to address policy fragmentation, improve inter-agency co-ordination, and enhance public-private dialogue. Regarding innovation policy, government intentions are positive but concrete measures do not yet exist. Yet, the Former Yugoslav Republic of Macedonia has developed a national innovation strategy with the support of the OECD and adopted a new law on innovation in 2013 covering the period until 2020. An action plan for its implementation covers the period from 2013 to 2015, and clearly outlines the time frame, activities and responsible institutions for the measures to be taken. In regard to improved services to SME's progress has been made on the range of support services offered, which now include consultancy, training, mentoring programmes and promotion. These come under the Support Programme for Entrepreneurship, Competitiveness and Innovation of SMEs in 2015. As for green economy, eco-innovation and eco-efficiency among SMEs, none of the policies with environmental provisions are explicitly focused on SMEs. To date, there are no financial and regulatory incentives in place to encourage companies to adopt more environmentally friendly practices.

Montenegro

The SBA profile of Montenegro presents a rather positive picture. Several principles score above the EU average, such as entrepreneurship and "second chance". Performance on "responsive administration" is below the EU average. The focus was on enhancing skills & innovation, promoting entrepreneurship and providing access to finance, while also entrepreneurial learning is high on the agenda. Much work is still needed in the areas of enterprise and industrial policy, administrative procedures for issuing permits and licences, improvement and diversification of business services, and financial public-sector support for SMEs. In terms of policy, Montenegro complies with the principles of the Small Business Act.

Serbia

As concerns skills development, during the reference period for the evaluation, the government adopted the “Proposal for the introduction of a dual education system in secondary vocational schools”. It will support the development of practical skills in young people about to enter the labour market. The practical work experience is to be integrated into secondary education curricula. The government also announced a “Support programme for associations engaged in entrepreneurship education”. The measure will consist in providing financial grants to organisations dealing with youth entrepreneurship education. Its budget amounts to EUR 81,215. Serbia's public administration offers below-average quality of service to SMEs. Since 2008, Serbia introduced policy measures that responded to two SBA recommendations: the single point of contact for starting up has been introduced and improvements were made to the process of interaction between businesses and government services. The law on planning and construction was amended with the aim to speed up delivery of new construction and usage permits. It sets a maximum waiting period of 100 days and reduces the number of procedures from 16 to 11. The advancement of electronic communication between business entities and the tax administration is a step forward; finally, businesses can now use the “Electronic submission of annual financial reports” to the Serbian Business Registers Agency (SBRA). Key measures were the adoption of the strategy for the support of development of SMEs, entrepreneurship and competitiveness with an action plan for its realisation, and the strategy for regulatory reform and advancement of the system of public policy management for the 2015-2020 period. The strategy for the support and development of SMEs represents a framework for the implementation of the “think small first” principle for the period 2015-2020. Since Serbia is a non-EU country, there is no SME Envoy, but within the Ministry of Economy there exists an SBA Coordinator who is responsible for SBA implementation.

IPA 2010 – Integrated Innovation Support Programme. - The project design registers quantitative outputs and calls them results. Yet, study of all relevant documents shows that it is almost inevitable for the project to have realised results pertaining to the business environment. The Serbian Innovation Agency has assumed a leading role in innovation advice, RDA staff is working with SMEs on innovations, technology brokers are working on concrete products with SMEs, and financial instruments for innovation are operational. At least partially triggered by this project, numerous national programmes related to innovation continued to be implemented. The Ministry of Science and Technological Development provides grants for innovation projects in Serbia, namely for (1) development of new products, technologies, processes and services and (2) building infrastructure for implementation of an innovation project. Potential grant beneficiaries are: R&D centres, innovation centres, business incubators, science and technology parks. The Ministry of Economy and Regional Development launched in 2009 the grant scheme Support to Enterprise Investments in Innovation, aimed at SMEs for activities such as development of new or improvement of existing products of services, development and testing of prototypes, new design of product and packaging, introduction and testing of new production process, purchase of patent rights and patent documentation, as well as innovation in the area of marketing, development in ICT and organisational improvement. As for green economy-related issues, Serbia continues to underperform. The overall picture is that the project has indeed delivered a tangible contribution to the business environment.

IPA 2011 – Regional Socio-Economic Development Programme II. The project did not claim to produce results that are directly related to the areas of competitiveness mentioned above. Still, capacities of RDAs were enhanced to deal with local development issues, including working with SMEs. In general, the project delivered all its expected outputs, while the strong involvement of beneficiaries ensured that the outputs were turned into sound results. Although modest, a contribution to the improvement of the business environment was indeed delivered by the project.

IPA 2011 – Enforcement of Intellectual Property Rights. This twinning contract has mandatory results, the achievement of which presupposes active work of the beneficiaries with the project outputs. Generalising, the outcome of the project should be a functional IPR enforcement system being implemented by the authorities. Delays in the mobilisation of beneficiaries have forced the project to postpone important result-related activities, with the effect that the project itself could only partially report on the effects in terms of actual implementation. Field work provided additional information: IPO is considered a success story. It provides free of charge services to businesses, among which IP diagnoses. IPO is present at all relevant business fairs, regularly holds seminars for customs, inspectors, tax officers, SMEs, legal sector. For two years it has been the formal national enforcement body. These are the – very positive – results of several Cards and IPA projects, and a number of other donor interventions.

IPA 2012 – Improving e-business environment – The project was a blend of legal support, strategy development, institution building, system development and direct SME support. It has contributed to several aspects of the business environment mentioned above. Significant results were (a) the establishment of a pool of advisors on e-business in RDAs, (b) the introduction of e-commerce in around

50 SMEs, (c) the inclusion of “e-business” as module in the national SME support programme managed by MoE and implemented by the RDAs, (d) the implementation of a programme on electronic payments, financed with national funds. It is concluded that the project has had a strong positive effect on various aspects of the business environment, namely the regulatory and institutional framework, support services to SMEs and perhaps even innovation support to SMEs. There were no entrepreneurial learning or green economy aspects in this project.

Turkey

The following information is mainly based on EU progress reports and the various SME Policy Index reports. Turkey has finalised its industrial strategy and action plan, ensured wider availability of enterprise and industrial policy instruments and adopted various sector strategies and roadmaps. The business environment remains problematic, but was slowly improving until the emergence of the current political instability. Overall, Turkey maintains a sufficient level of alignment with the acquis in the field of enterprise and industrial policy. Turkey further improved in the areas of technical regulations, regulatory framework and SME support services. There is still a lot of work to do before SBA criteria are met on entrepreneurial learning and women entrepreneurship, bankruptcy and public procurement. As for the greening of the economy through dedicated support to SMEs, Turkey, like most other IPA countries, has not yet succeeded in linking their environment policies and SME development policies. There are (too) few resources to offer regulatory and financial incentives to help SMEs with the greening of their enterprises.

IPA multi-beneficiary (MB) programme

IPA 2009; 2013; 2013 – Regional entrepreneurial learning centre SEECEL. The three projects granted to SEECEL have a common objective, namely to contribute to the implementation of the Small Business Act for Europe using the experience and the instruments developed in the application of the European Charter for Small Enterprises, in particular the elements of entrepreneurship and education and improved skills for enterprises. Expected results as listed in the design documents are for the first (2009) project:

- (1) entrepreneurship developed as a key competence in all Beneficiaries at primary school level;
- (2) cross-campus entrepreneurship education established in pre-accession universities;
- (3) Advisory Network for Enterprise Training established, training needs analysis methodologies provided and applied.

The second project (2013) adds to these results:

- (4) existing entrepreneurial learning instrument further developed, strategically piloted and disseminated for ISCED 1, 2 and 5/6 level institutions;
- (5) in-service teacher-training tools further developed, strategically piloted and disseminated;
- (6) second generation TNA questionnaire deployed at regional level;
- (7) countries actively participate in the SBA assessment and show progress in the implementation of principles 1 and 8;

The third project (2013) adds to these results

- (8) entrepreneurial learning instrument further developed, strategically piloted and disseminated for ISCED 3 level institutions;
- (9) entrepreneurial learning instrument for ISCED 3 strategically piloted in 32 schools in 8 countries;
- (10) peer-to-peer exercise of SEECEL entrepreneurial schools conducted in 32 schools in 8 countries;
- (11) Community of Practice platform further improved and recognised as a reference source for all entrepreneurial learning developments.

All project activities are aimed at the entrepreneurial learning aspect of the business environment. The first project reached all its intended results in 2013. The two other projects were recently completed; the evaluators base their judgment on (a) an external evaluation report on SEECEL activities dated July 2016 and (b) comments received during interviews with stakeholders in the region. The picture emerges that SEECEL is succeeding in realising the results pledged in its 2013 grant applications. At the same time, there remain problems with full mobilisation of country members, some of whom regard SEECEL as too much of a Croatia-only venture. Yet, there is overall great satisfaction with the outputs and results of the current three grant projects.

Finally, it was found that in parallel, SEECEL’s partner educational institutions in the countries develop educational products that can be used directly by entrepreneurs, probably on a commercial basis.

Therefore, it is likely that more educational services for entrepreneurs will emerge, not as a direct result, but as a side effect of the EU funded projects.

Cards 2006; IPA 2007; 2008; 2009 – European Fund for South-East Europe (EFSE): This project does not affect any of the aspects of the business environment mentioned above.

IPA 2013 – Next generation competitiveness Initiative: The expected results of the project are (1) strengthening the competitiveness of three key economic sectors in the Western Balkans and (2) monitoring, evaluating and assessing the policy reforms and institutional settings necessary for meeting the commitments contained in the SEE 2020 vision. Furthermore, the project claims that “the actions should result in improved policies in key sectors of the economies”. The only aspect of the business environment the project could possibly influence is that of the regulatory and institutional framework for SME policy making. Apart from what was found in the field, the project documents contain much information on meetings and roundtables held, but do not allow to gauge the extent to which the expected results were realised. They are, frankly speaking, somewhat ambitious for a project of this type.

Armenia

ENPI 2011 – Strengthening the Enforcement of Intellectual Property Rights: This was a twinning contract, as a rule executed in full cooperation between the teams of the Member State and the Beneficiary State. That is why instead of outputs and results, twinning contracts use the terms benchmarks and mandatory results. Of the latter there were 25, of which 19 were fully realised. The remaining five hinged on the adoption of legislation and the thereby facilitated implementation of organisational and institutional changes. This had not yet taken place by the end of the project. It is concluded that the results as stated in the project design were largely achieved, leading to an improvement in the area of regulatory and institutional framework for SME policy making. No other aspects of the business environment were promoted by the project.

ENPI 2013 – Support to regional development in Armenia: There is a long list of 16 expected results in this project; although regional development clearly encompasses PSD/Competitiveness, the project first and foremost works on the building of capacities, strategies and development instruments. Yet, there are several expected results listed in the project design that are directly related to the business environment. One of them is the preparation and possible establishment of a regional development fund that would finance investments in regional development projects among which also business infrastructure. A second such result is incorporated in a grant scheme for regional operators, which aims at fostering – among others – hard and soft local and regional business support infrastructure. Outputs that would feed into these results are steadily being delivered; some related activities have been interrupted because they wait for the adoption of the country's regional development strategy (produced by the project). The establishment of the regional development fund is one of them. The grant scheme is expected to have the most direct effects on the business environment. It has been launched, but implementation runs till 2018 so no results are as yet manifest. The likeliness of the project contributing to improved support services for SMEs is considered high.

ENPI 2014 – Support to SME Development in Armenia: This ambitious project envisages a number of results that directly touch upon several aspects of Armenia's business environment as listed above. The project has started in 2015 and no implementation report has reached the evaluators as yet. Therefore, the only sources of information are the action document, the description of the action and field interviews. This unfortunately makes it impossible to judge to what extent the project is on its way to realise what it promised.

Relevant expected results are (1) improved policy making process and coordination of supports to SME development – predominantly institution building, capacity building, tools development and strategy design; (2) strengthened private sector organisations to implement SME policies – mainly a grant scheme for professional business associations, with many interesting and relevant potential eligible activities; (3) improved process of commercialisation of ideas linking research institutions and businesses via cooperation networks – development of systems and tools for innovation support and participation in H2020; (4) improved design and management of economic clusters (incubators, techno parks and Free Economic Zones (FEZ)); (5) diversified access to finance for innovative start-up and existing small businesses, design of technology transfer instruments, and a grant scheme for SMEs in the field of technology and innovation.

Clearly, the focus of the project is on innovation within SMEs. If successful, the project will deliver a major contribution to practically all aspects of the business environment in Armenia.

ENPI 2014 – Armenian SME finance and advice facility: The project has a strong element of direct advisory support to SMEs; more important for this judgment criterion is that it envisages to actively develop the Armenian SME consulting industry, which would have long-lasting effects in terms of improved business environment. No other aspects of the business environment (entrepreneurial learning,

regulatory and institutional framework, innovation support or green economy) are addressed by the project. It is too early to measure any results, or even to predict the likelihood of their achievement.

Moldova

ENPI 2010 – Economic Stimulation in Rural Areas – The action fiche for the overall budget support programme, of which this technical assistance project was a part, lists a number of expected results that are related to the improvement of the business environment. The relevant results to be achieved by both types of intervention together were: (1) one-stop-shops for business registration created at the state registration chamber; (2) credit lines established for producers and potential exporters in rural areas; (3) existing credit lines from Japan, EU (2KR) and World Bank mobilised for purchasing equipment by SMEs; (4) female economic activity in rural areas empowered; (5) network of business incubators and industrial parks created; and (6) functioning of RDAs ensured. As reported above (section 5.2), the project has been reasonably successful in realising the related outputs. Turning these outputs into results, however, was the responsibility of the Moldavian authorities, for which, after all, they had received budget support. The evaluators found that indeed, several business incubators were officially opened during the project period, but for the rest did not encounter much evidence on results realised. Reports on the budget support operation were not made available to them, while none of the persons interviewed were sufficiently acquainted with the project to give reliable information. General feedback from the field suggests that Moldova is on average not very successful in consolidating the results of assistance projects, whether in the field of business support or not. Only based on that, the evaluators judge it unlikely that this expensive action has led to many positive effects on the country's business environment.

ENPI 2011 – Business development projects under Confidence Building Measures – The action fiche for this project uses very general definitions of expected results; they cannot be connected to the above-mentioned aspects of the business environment. As indicated before, the latest document available is the second progress report covering March until November 2013. Field interviews with national authorities did not result in more information, while the interview with UNDP showed that a follow-up of the project is ongoing and developing new activities, partly related to the business environment. The business school established with help of the project does function under the local Chamber of Commerce, but cannot finance itself and therefore charges fees to trainees. The planned business incubator did not materialise, since the authorities withdrew their support to the idea. No further results were reported on. The overall impression is that the project has left few real results behind, the sustainability of which is questionable.

ENPI 2013 – Intellectual property rights and ENI 2015 – One-stop-shop for opening and closing business under PAR were not contracted yet.

Regional programme EAST

ENPI 2009 - European Fund for South-East Europe (EFSE): This project does not affect any of the aspects of the business environment mentioned above.

ENPI 2010 – SME finance facility: Instead of expected results, the design documents describe objectives to be achieved. They are, slightly reformulated: (1) confidence of financial intermediaries to extend financing to SMEs rebuilt; (2) capacity of financial intermediaries enhanced to manage their SME financing and assess and monitor the related risks; (3) SME credit markets strengthened and deepened; (4) financing options available to the real economy expanded; (5) market-based financial institutions further developed through institution building; and (6) private and entrepreneurial initiatives increased. Clearly, this project does not affect any of the aspects of the business environment mentioned above.

ENPI 2012 SBS I – Implementation of EBRD SBS programme: Several expected results are listed in the design documents; only one of them pertains to the business environment, namely “sustainable infrastructure of local business advisory services”. Related indicators are (1) 100 local consultants trained to deliver business support on the local market and (2) strengthened institutions in the market (industry associations, local associations of consultants, or accreditation of local associations of consultants with international bodies). The project implementation reports show that indeed, more than 100 advisers have been trained, but do not give information on the achievement of the second indicator. Field research did not come up with more information, either. Yet, the project is considered moderately successful in this area of the business environment.

ENPI 2013 – Supporting SME policy reforms in the Eastern Partner Countries: In a very remote and indirect fashion, the project has contributed to the business environment aspect of regulatory and institutional framework for SME policy making. High-level policy makers were indeed brought together to discuss these issues. Some specific activities of the project may indeed have accelerated policy development. Unfortunately, there are no means to measure these effects, in the first place because the project has just finished its interventions, but more importantly since there are no policy makers available to interrogate.

ENI South

As far as the sample ENI South regional projects are concerned, significant contributions may be found to the advancing of SBA dimensions; I (entrepreneurial learning and women entrepreneurship), III (institutional and regulatory framework for SME policy making), V (support services for SMEs), VIII (innovation support to SMEs) and IX (green economy, eco-innovation and eco-efficiency). The following aspects deserve being noted in relation to this judgment criterion:

- The EBRD project reports a total of 17 companies having so far benefitted from support on both entrepreneurial learning and improved support services, particularly in the agribusiness value chain, as a result of the Advice for Small Businesses being provided by the project.
- In relation to EuroMed Invest project, its results – (1) Renewed interest from SMEs to make business and invest within the EuroMed countries, (2) Increased flow of inclusive investment and business projects between the EuroMed countries, (3) Improved services for SMEs to start-up (new ventures), establish (foreigners) and develop (nationals and foreigners) within the South Mediterranean countries, (4) Establishment of sustainable EU-MED Alliances to drive the growth of business within the major sectors of common interest (Agrifood, Water and New Energies, Tourism, Transport and Logistics, Cultural and Creative Industries) and (5) Establish strong and lasting EU-MED business networks – contribute to this judgement criterion.
- The EuroMed TIFM project has as declared outcome “Better informed trade decisions of companies doing business in Euro-Med countries”.
- In relation to EBESM, one of its themes is “entrepreneurship, in particular for youth and women”, and one of its specific objectives is to increase the capacity of the Euro-Mediterranean Charter/SBA Coordinators network to advocate for MSMEs development and linkages in the region.
- The EBRD project reports a total of 19 companies having so far benefitted from support within the Energy efficiency audit framework for project preparation component.

In Egypt, SBA is not an acronym well spread, and this reveals a limitation of the regional programmes. Information is not shared and import of concepts from outside is not very popular. Several contributions may however be found, such as:

- Opinions expressed in the Focus Group meeting carried out in Cairo were in the sense of recognising improvement in terms of regulatory reform, but further needs remain. The Private sector representatives highlighted that the Administration lacks capacity to respond to needs and economic changes, and that subcontracting of some tasks (e.g. inspections) should be encouraged. Outsourcing of technical support and twinning would also be positive.
- The following information on supporting services to businesses was collected:
 - BSOs in Egypt are organised based on the continental system (as in Europe); there is in general low governance level in their organisation and functioning
 - In total, the federation of Egyptian chambers has 4.2 million members
 - There are several Federations of BSOs: of Industry, Banks, Tourism, etc.
 - Furthermore, there exist many business associations
 - These entities are consulted in the process of strategy- and policy-making and have in general a good relationship with the Parliament.
- The project TDMEP – TA – Industry is expected to contribute significantly to SBA dimension III.
- The “Promoting Inclusive Economic Growth in Egypt” project will increase access of MSME to business support services: Under the project, one-stop-shops for MSMEs at Governorate level will be supported, to enhance the consistency in implementation of business related regulations. Under the subcomponent 1 of the Grant Scheme, the project will support MSME development initiatives to foster local development, generate decent employment and foster business linkages. The themes of the related calls for proposals are expected to revolve around “entrepreneurship and innovation”, “cluster development” and “value chains upgrading” in sectors with high potential for inclusive growth.
- The project “Research, Development and Innovation Programme phase II” contributed to increasing innovation support to SMEs, but no concrete figures are available at this point.

In Algeria, the following should also be mentioned:

- The PME II (contract “Mise en Oeuvre du Centre d’Expertise du Programme d’Appui aux PME/PMI et à la Maîtrise des Technologies d’Information et de Communication: Mission d’Études et d’Assistance Technique de Courte Durée”) reports a total of 229 SMEs supported, of which 162 through individualised development assistance, with 82 of them having received specific follow-up. 110 companies benefited from one or more grouped technical assistance or training, conducted in partnership with professional associations/federation. The project reports strengthening of 3 ministries and the National Accreditation Agency (ALGERAC).
- Reinforcement of ministerial institutional and respective regulatory framework set-up capacities in targeted sectors is mentioned in DIVECO I. The P3A III Twinning project with ALGEX reports reinforcement of ALGEX and the Ministry of Trade (MdC) in support to Algerian exports. The P3A III Twinning project “Stratégie d’Innovation Industrielle” mentions in its contract the reinforcement of the Ministry of Industry and Mining (MIM) and network of Business Support Organisations (BSOs) in support to industrial innovation in Algeria. The PME II “Mise en Oeuvre du Centre d’Expertise d’Appui à la Qualité du Programme PME II” contract reports 42 Conformity Evaluation Organisations diagnosed, of which 27 benefited from support to accreditation and 15 were accredited; Several HR from professional and business associations were trained.

Judgment criterion 8.2 – *Expected results as stated in project designs in the IPA area, directly related to the adoption and implementation of the acquis, are realised or likely to be realised.*

Bosnia and Herzegovina

IPA 2009 – Business infrastructure: The project, in its design and in its implementation, did not include acquis-related measures.

IPA 2011 – Intellectual Property Rights: Thanks to this and predecessor projects (also those funded by other donors), BiH’s IPR infrastructure is now largely in line with EU systems. Notably enforcements systems have been established. Some legislation still needs to be adopted before full alignment exists.

IPA 2011 – Capacity building for trade policies and analysis: The project, in its design and in its implementation, did not include acquis-related measures.

IPA 2011 – Support to local economic development: The project, in its design and in its implementation, did not include acquis-related measures.

IPA 2013 – Support to SME Competitiveness: The project, in its design and in its implementation, did not include acquis-related measures.

Serbia

IPA 2010 – Integrated Innovation Support Programme: Although innovation support is one of the focus areas of the EU’s PSD/Competitiveness support endeavours, it appears not to be part of the acquis.

IPA 2011 – Regional Socio-Economic Development Programme II: The project, in its design and in its implementation, did not include acquis-related measures.

IPA 2011 – Enforcement of Intellectual Property Rights: The project activities are directly related with negotiation chapter 7. As maintained earlier, the project has been highly successful in establishing IPR enforcement mechanisms, although it still awaits legal harmonisation.

IPA 2012 – Improving e-business environment: e-government, e-commerce and e-business are connected with chapter 10 of the acquis. The envisioned results are fully realised.

IPA multi-beneficiary (MB) programme

IPA 2009; 2013; 2013 – Regional entrepreneurial learning centre SEECCEL: The projects focus on introduction of principles 1 and 8 of the Small Business Act. This is not part of the *acquis communautaire* but is anyway expected to result in approximation to the internal market, by fostering the competitiveness of individual companies.

Cards 2006; IPA 2007; 2008; 2009 – European Fund for South-East Europe (EFSE): The project, in its design and in its implementation, did not include acquis-related measures.

IPA 2013 – Next generation competitiveness Initiative: The activities of the project, as designed, would help the countries in the region to work on enterprise and industrial policies. No tangible results in these fields were encountered as yet.

Judgment criterion 9.1 – Expected results as stated in project designs, directly related to access to services, are realised or likely to be realised.

Bosnia and Herzegovina

IPA 2009 – Business infrastructure: The project, in its design and in its implementation, does not address issues related to access to services.

IPA 2011 – Intellectual Property Rights: The project has assisted BiH in establishing a well-functioning IPR institute; private companies have easy access to its services, which are mostly provided at no cost. There is no information on the numbers of SMEs utilising the services of the institute.

IPA 2011 – Capacity building for trade policies and analysis: This project was designed to assist the BiH government with regulatory and institutional aspects of international trade. It contains no activities directly aimed at SMEs, so it is not relevant for a judgment on the aspect of improved access to services.

IPA 2011 – Support to local economic development: Various grant projects have established advisory services for SMEs, in the field of management, human resources, innovation, technology and the like. Therefore, access to services has at least temporarily been improved for those companies that are located in the vicinity of the project locations. Lack of government support, however, may lead to many of those services to fade away after EU funding stops, or become unaffordable to SMEs.

IPA 2013 – Support to SME Competitiveness: The project has indeed improved the access to services for a number of companies in BiH. Unfortunately, EBRD's standard interim reports on project implementation either do not divulge monitoring data on the result indicators, or are still under preparation. This information would have been very helpful to understand which numbers of SMEs have actually benefited from the project's services.

Serbia

IPA 2010 – Integrated Innovation Support Programme: A total of 500 SMEs was expected to have received innovation advice and support; there is no evidence on the actual numbers. Still, the project has had considerable success in terms of providing services to SMEs, financial (grants for innovations) as well as non-financial. A further positive feature is that the fund implements various other grant schemes, financed by the national government and the World Bank, which ensures a steady increase in the numbers of SMEs actually supported.

IPA 2011 – Regional Socio-Economic Development Programme II: It appears that statistics on the numbers of SMEs benefiting from the individual grant projects are not kept. This number may be anywhere between 10 and 100 and will grow steadily if a solution is found for the on-going funding of the operations started with the grant projects.

IPA 2011 – Enforcement of Intellectual Property Rights: Thanks to this and predecessor projects, IPO has become a success story. It provides free of charge services to businesses, among which IP diagnosed for 283 companies up to 2015, 48 in 2016. The costs were covered by the EPO but this stopped after 2016. IPO is present at all relevant business fairs, regularly holds seminars for customs, inspectors, tax officers, SMEs, legal sector. For two years it has been the formal national enforcement body. These are the results of several Cards and IPA projects, and a number of other donor interventions.

IPA 2012 – Improving e-business environment: Direct support was provided to around 50 SMEs with the introduction of e-commerce. The future effects of the project are much larger. In the first place, a pool of e-business advisors who will continue providing their services to the business world was established. Secondly, and perhaps most importantly, the MoE decided to include "e-business" as a module in the national SME support programme that is implemented by the RDAs and basically provides free of charge services. Many thousands of SMEs will benefit from this.

IPA multi-beneficiary (MB) programme

IPA 2009; 2013; 2013 – Regional entrepreneurial learning centre SEECEL: As designed, the SEECEL projects primarily aim at the development of systems and tools on entrepreneurial learning for educational institutions. Results in terms of SMEs receiving support from or through the project were not foreseen and are not realised. It was found that in parallel, SEECEL's partner educational institutions in the countries develop educational products that can be used directly by entrepreneurs, probably on a commercial basis. Therefore, it is likely that educational services for entrepreneurs will emerge, not as a direct result, but as a side effect of the EU funded projects.

Cards 2006; IPA 2007; 2008; 2009 – European Fund for South-East Europe (EFSE): The fund is having a remarkable social and economic impact: With an aggregate loan volume of more than EUR 2 billion invested with partner lending institutions throughout its target regions, the EFSE ultimately served about

860,000 sub-borrowers and plays an instrumental role in securing more than 717,000 new jobs and helping to create more.

IPA 2013 – Next generation competitiveness Initiative: The project, in its design and in its implementation, does not address issues related to access to services.

Armenia

ENPI 2011 Strengthening the Enforcement of Intellectual Property Rights: Only a small part of the project's mandatory results related to service delivery. An IPR Enforcement Information Centre (IC) was established and is operational, although it is predominantly covering the needs of authorities. And a Handbook for SMEs on IPR was developed and published.

ENPI 2013 – Support to regional development in Armenia: The global objective of the programme is to create new jobs, especially quality and high productivity jobs; increase the economic competitiveness of regions and to diversify the regional economies in the ten regions of Armenia by delivering services to SMEs among other activities envisaged. The grant scheme, aimed at RDAs and BSOs, may end up in additional services delivered to SMEs, but since grants have not been awarded yet, it is too early to report on this.

ENPI 2014 – Support to SME Development in Armenia: The project expects to facilitate improved access to services for at least 10,000 SMEs per year. Furthermore, the target is to create at least 450 new businesses per year, between 10 and 30% of which will be led by women. These targets are ambitious but not impossible to reach with the resources available. The contractor pledges to closely monitor progress, so it is likely that in the course of 2017 data will be available to judge the project's actual performance.

ENPI 2014 – Armenian SME finance and advice facility: The design of the project leaves no doubt that large numbers of SMEs will benefit in terms of having gained access to finance and/or access to non-financial support, from project advisors as well as business support organisations, it may lead to a growth in jobs within the BSOs, too. Given its current status of implementation, it is too early to measure any of these results, but the likelihood of their achievement is high.

Moldova

ENPI 2010 – Economic Stimulation in Rural Areas: Referring to the judgment under criterion 8.1 above, it is judged that this project has yielded few tangible results as regards the improvement of access to services. The business incubators are a positive example. At any rate, the evidence available does not show direct work with/for any number of SMEs, although according to the project design, at least some should have gained access to finance and/or to non-financial support. The same applies to business support organisations such as the RDAs, who were a direct target of the project and should now be better functioning entities. The overall judgment on this criterion is neither positive nor negative.

ENPI 2011 – Business development projects under Confidence Building Measures – referring to earlier comments on this project, the judgment is that although the project did provide services to a limited number of SMEs, and reports results in terms of trade increases from the left to the right bank (41% in the first 10 months of 2013, up from 36% in 2012, and 8% in 2007), and a 37% increase in value added produced by SMEs, it will have little to no effect in terms of greater use of financial or non-financial services by enterprises.

ENPI 2013 – Intellectual property rights and ENI 2015 – One-stop-shop for opening and closing business under PAR did not start yet.

Regional programme EAST

ENPI 2009 – European Fund for South-East Europe (EFSE): Quote from the EFSE KfW annual narrative progress report 2015: *By the end of 2015, EFSE had disbursed more than 125,000 loans in the total amount of EUR 879 million to 33,637 end-borrowers in the ENR (on a cumulative basis).* In the ENR, 64% of loans are given to micro and small enterprises. EFSE itself also produces annual reports on its operations, but these do not provide information on loans to individual end-borrowers. The available documents, although there are many, do not clarify which part of the EFSE operations is managed by KfW, in relation to the total volume in the ENR. Still, the conclusion is justified that EFSE delivers a strong contribution to the accessibility of finance for SMEs.

ENPI 2010 – SME finance facility: By the end of 2015, some 2,500 SMEs in the EaP region had received a loan from any of the local partner banks of EIB. The total amount disbursed was some EUR 56 million. The annual report of EBRD seems to indicate that the entire EBRD/KfW window was used to finance (some 20,000!) small agricultural holdings. This sector is outside the scope of the evaluation.

ENPI 2012 SBS I – Implementation of EBRD SBS programme: The core business of this project has been to provide SMEs with advisory services. The relevant expected results included in the project design were (1) SMEs in priority sectors successfully assisted through EGP; (2) improved access to finance for assisted SMEs; (3) best practices and EGP models disseminated in priority sectors. These results were realised; by the end of the project, 71 projects with international advisers and 702 with local consultants had been implemented.

ENPI 2013 – Supporting SME policy reforms in the Eastern Partner Countries – The project, in its design and in its implementation, does not address issues related to access to services.

ENI South

In relation to ENI South regional projects, the following elements may be found:

- Increased access to finance by SMEs is reported by the EBRD project, within e.g. the Financial Institutions component (i.e. the SMEs access to finance through the intermediary FIs), and EuroMed Invest's result 5 (Establish strong and lasting EU-MED business networks) is also a contributor to this indicator.
- In terms of non-financial support having been obtained by SMEs, the EuroMed Invest project reports that a total of 1134 companies and start-ups participated in project's activities. It is however not possible to confirm how many of these are from the ENI South region.
- Regarding SME assistance from business support organisations (BSO), no project may be mentioned as having had a direct measurable effect. However, EuroMed Invest's result 3 (Improved services for SMEs to start-up (new ventures), establish (foreigners) and develop (nationals and foreigners) within the South Mediterranean countries) presents, as one of the specific OVIs, "Increased number of SMEs supported by South ENPI BSO". It was, however, not possible to find the measurement of the progress along this specific indicator in the second ^{project} interim report. Also, EuroMed TIFM is aimed at supporting directly SMEs in facilitating and enhancing international trade, and this is achieved through support from BSOs.
- In relation to clustering, EuroMed Invest does not report such direct effect. It should nevertheless exist in result of the project's action, in relation particularly to its result 5 (Establish strong and lasting EU-MED business networks), where one of the specific OVIs is "Number of consortia formed through the engineering". It was, however, not possible to find the measurement of the progress along this specific indicator in the second project interim report. There is nevertheless an indirect information, which indicates that 6 of the 9 planned EuroMed Invest Academies had been initiated, with a total number of 656 participants, of which 59% are from ENI South + IPA origin (not necessarily all being SMEs).

In Egypt, the project "Research, Development and Innovation Programme phase II" contributed to this SBA dimension. 2 out of 6 clusters proposed as a result of the specific call were financed (Renewable Energy and Social Innovation). The energy cluster was created under the project on renewable energy.

The "Promoting Inclusive Economic Growth in Egypt" project may be accounted for as contributing to improved SME performance, in areas such as access to finance, increased MSME access of to business support services general mentions to improved BSO support to SMEs and cluster development, but no concrete figures are available to enable actual measurement.

In Algeria, potential effect exists in the case of the P3A III Twinning project "Stratégie d'Innovation Industrielle", which contributes to the reinforcement of the Ministry of Industry and Mining (MIM) and network of Business Support Organisations (BSOs) in support to industrial innovation in Algeria.

Judgment criterion 9.2 – Expected results as stated in project designs, directly related to SME performance, are realised or likely to be realised.

Bosnia and Herzegovina

IPA 2013 – Support to SME Competitiveness: As concerns performance of SMEs, the project design provides the following indicators on expected results: At least 40% of assisted enterprises declared to have engaged a consultant again within one year after project completion; at least 70% of projects rated successful or highly successful; at least 65% of assisted enterprises report an increase in turnover one year after the project; at least 55% of assisted enterprises report an increase in number of employees after the project; and at least 20% of all companies seeking external financing obtain the financing one year after project completion. EBRD's standard reports on project implementation either do not divulge monitoring data on the result indicators, or are still under preparation. This information would have been very helpful to form a judgment on the present criterion.

Serbia

IPA 2010 – Integrated Innovation Support Programme: The project's main target group was the SME sector, and more specifically a group of over 500 SMEs that participated in the various training and support activities of the IISP. It was designed to lead to various relevant results such as improved production processes and technologies in SMEs, new products developed, SMEs having received funding for innovative action, SMEs having used the voucher scheme for innovation advice. The information obtained during the field visit points at success of the project in realising the results.

IPA multi-beneficiary (MB) programme

Cards 2006; IPA 2007; 2008; 2009 – European Fund for South-East Europe (EFSE): The design documents for this project do not describe expected results related to the performance of SMEs. Instead, there are mainly financial performance indicators for the fund itself, such as number of loans, sizes of loans, overall portfolio, cash position, etc. Looking at the fund's track record, it is considered likely that the cumulative effect of financing operations has been a global increase in performance of SMEs financed by the fund. This (positive) effect is in all likelihood considerable.

Armenia

ENPI 2014 – Support to SME Development in Armenia: Clearly, no information on improved business performance is available yet. The contractor has designed an interesting set of indicators that will provide excellent information on the effectiveness and impact of the project, in due course. The main indicators envisaged are: (1) number of businesses that benefited (increased turnover, reduction of operating cost e.g. RIA) from the support provided by the project; (2) number of new businesses created within the framework of this project (disaggregated by targeted sectors and by sex); (3) number of new jobs created within the framework of this project (disaggregated by targeted sectors and by sex).

ENPI 2014 – Armenian SME finance and advice facility: Through delivery of financial and non-financial services to SMEs, the project intends to achieve the following improvement of performance of enterprises: (1) at least EUR 45 million net increase in the aggregate turnover of assisted SMEs within one year of project completion; (2) at least 50% of assisted SMEs report increase in turnover within one year of project completion; (3) at least 1100 new jobs created within one year of project completion; (4) at least 50% of assisted SMEs report increase in employment within one year of project completion; and (5) at least 25% of assisted SMEs successfully obtain external financing within one year of project completion.

Since the project is in an early phase of execution, these numbers cannot yet be verified. Yet, the likelihood of it delivering a strong contribution to SME performance over time is high.

Moldova

No relevant projects.

Regional programme EAST

ENPI 2009 – European Fund for South-East Europe (EFSE) – The design documents for this project do not describe expected results related to the performance of SMEs. Instead, there are mainly financial performance indicators for the fund itself, such as number of loans, sizes of loans, overall portfolio, cash position, etc. Looking at the fund's track record, it is considered likely that the cumulative effect of financing operations has been a global increase in performance of SMEs financed by the fund. This (positive) effect is in all likelihood considerable.

ENPI 2010 – SME finance facility: the only information that could be retrieved is that under the EIB window of the facility, some 2,000 new jobs were created within SMEs that obtained a loan thanks to the project.

ENPI 2012 SBS I – Implementation of EBRD SBS programme: Some relevant results in terms of enterprise performance realised by the project are:

- EGP: 78% of assisted enterprises showed an increase in turnover, of 22% on average;
- BAS: 78% of assisted enterprises showed an increase in turnover, of 64% on average;
- EGP: 71% of the assisted enterprises experienced growth of jobs, of 10% on average;
- BAS: 50% of the assisted enterprises experienced growth of jobs, of 39% on average;
- EGP: 57% of assisted enterprises received external funding;
- BAS: 13% of assisted enterprises received external funding.

In conclusion, this project has delivered a sound contribution to the performance of SMEs.

ENI South

In relation to ENI South regional projects, the following elements may be found:

- In terms of support to growth in international trade by SMEs, the EuroMed TIFM project does not directly report this effect; it exists indirectly however because of the project's action, as it is aimed at supporting directly SMEs in facilitating and enhancing international trade, which may also be an indirect effect of the EBESM project.
- In relation to jobs creation, SANAD conducted an impact study in two countries with 1,000 randomly selected MSME clients of SANAD PIs, results showing positive development impact on income and employment generation through access to finance, which was facilitated by SANAD. Whilst not specifically reported, the EBRD should be capable of providing accurate information in relation to the 17 SMEs in the agribusiness value chain as a result of the Advice for Small Businesses being provided by the project, as the EBRD collects this information as part of the instrument's application procedure. The same applies to growth in turnover data.

In Egypt, only the "Promoting Inclusive Economic Growth in Egypt" project may be accounted for as contributing to improved SME performance, in areas such as grants made available to help SME to internationalise and increase their activities in other markets, by facilitating business cooperation and matchmaking activities, but no concrete figures were made available to the evaluation team.

In Algeria, potential effect exists in the case of the P3A III Twinning project with ALGEX through reinforcement of ALGEX and Ministry of Trade (MdC) in support to Algerian exports. No concrete figures could be retrieved though.

In both Egypt and Algeria, no sustained and structured information could be retrieved from the consulted documents and the interviews made in relation to either jobs creation or growth in turnover.

Judgment criterion 11.1 – Degree of gender equality/balance in projects design and implementation.

Bosnia and Herzegovina

| Project | Quote from design document | Quote from project report(s) |
|--|--|---|
| IPA 2009 – Business infrastructure | No mention of gender equality requirements | Gender equality not mentioned |
| IPA 2011 – Intellectual Property Rights | No mention of gender equality requirements | Gender equality not mentioned |
| IPA 2011 – Capacity building for trade policies and analysis | No mention of gender equality requirements | Gender equality not mentioned |
| IPA 2011 – Support to local economic development | The project is not specifically aimed at achieving equal opportunity objectives. However, it is recognised that within the context of the assistance to be provided, special attention will be given to ensuring that women and young entrepreneurs are recipients of the training and other support provided. | The progress reports of individual grant projects were not subject of study; an overall summary of achievements does not exist. |
| IPA 2013 – Support to SME Competitiveness | Equal opportunity principles and practices in ensuring equitable gender participation and non-discrimination within the project will be guaranteed. | BAS projects: 1 project with a gender component out of 55 total. |

Serbia

| Project | Quote from design document | Quote from project report(s) |
|--|--|--|
| IPA 2010 – Integrated Innovation Support Programme | Implementing organisations will be encouraged to take the different roles and responsibilities of men and women into consideration when planning interventions. Considering the special difficulties faced by women engaged in business activities such as production, manufacturing, trading, enterprise development etc. special | The project adopted a mainstreaming approach to these issues as there was no scope for direct activities targeting cross-cutting issues. In the event, the project achieved a good representation of women among its participating SMEs. 35% of SMEs that applied for innovation training programmes (182 of 339) were run and/or owned by female entrepreneurs. The group of actual participants in the training events showed an even higher |

| Project | Quote from design document | Quote from project report(s) |
|--|--|---|
| | measures to address the needs of women will be pursued. | percentage of women in several events. Also, the three top-ranked SMEs from the investment readiness programme were all run by women. |
| <i>IPA 2011 – Regional Socio-Economic Development Programme II</i> | Throughout project implementation there will be no discrimination on the grounds of health, status, race, sex, sexual orientation, mother tongue, religion, political or other opinion, national or social origin, birth or other status. Equal opportunities for all will be ensured during project implementation. EU and national laws and regulations concerning equal opportunities will be followed strictly. Equal opportunity for men and women to participate in the project will be measured by recording the experts and consultants employed. | Gender equality issues not mentioned in the final report. |
| <i>IPA 2011 – Enforcement of Intellectual Property Rights</i> | The project will be implemented in a way which provides equal opportunities for participation for those within the ministry of trade and services and within other line ministries. No discrimination will be made on the basis of gender and activities such as training will be organised in a way which makes them accessible for both men and women. The number of men and women participating in training events will be monitored during the project and this information will be used to identify any potential discrimination. | Gender equality issues not mentioned in the final report. |
| <i>IPA 2012 – Improving e-business environment</i> | The project will address gender equality and broader gender related issues as an increasingly important component of the transition process, in particular in terms of helping to better realise the potential of women to contribute to economic development in emerging markets. The gender disaggregated data on who benefits from the support will be developed. During all stages of the operation, the project will aspire to promote non-discriminatory practices and procedures and to prohibit any form of unlawful discrimination including race, colour, religion, national origin, political affiliation, sex, age, marital status, or disability. | Gender equality issues not mentioned in the latest project progress report |

IPA multi-beneficiary (MB) programme

| Project | Quote from design document | Quote from project report(s) |
|--|--|---|
| <i>IPA 2009; 2013; 2013 – Regional entrepreneurial learning centre SEECCEL</i> | 2009 DoA does not refer to gender equality; 2013 DoA (1) does not refer to gender equality; 2013 DoA (2) does not refer to gender equality. Activities in this area are not foreseen in any of the three design documents. | Complementary to this project, SEECCEL organized the kick-off for the “Women Entrepreneurship – a Job Creation Engine for South East Europe (financed by Sweden) SEECCEL, together with ETF, developed the Women’s Entrepreneurship 2nd Generation Indicators and transferred it into the new OECD’s SBA 2015 Assessment methodology instrument. |
| <i>Cards 2006; IPA 2007; 2008; 2009 – European Fund for South-East Europe (EFSE)</i> | Not mentioned in the design documents. | Not mentioned in annual reports. |
| <i>Next generation competitiveness Initiative</i> | The OECD implementation team will emphasise at the outset that the composition of any of the project structures – such as the operational contact points, sector-specific working groups, and pilot implementation teams, should reflect a gender balance. | The one narrative report in the evaluators’ possession does not devote attention to gender aspects. The interview with OECD points out that apart from some gender-specific indicators included in the SEE 2020 monitoring actions, the project was gender-neutral, in the sense that it neither included gender-specific actions or indicators nor suffered from any kind of gender-related discriminatory effect. |

Armenia

| Project | Quote from design document | Quote from project report(s) |
|--|--|---|
| <i>ENPI 2011 – Strengthening the Enforcement of Intellectual Property Rights</i> | Not available. | Gender equality not mentioned. |
| <i>ENPI 2013 – Support to regional development in Armenia</i> | This project will further promote equal opportunity and ensure that women and vulnerable groups will fully benefit from the regional development activities promoted. This implies putting in place specific provisions to encourage them in the grant call scheme. | Gender equality not mentioned. |
| <i>ENPI 2014 – Support to SME Development in Armenia</i> | Of new businesses created within the framework of this project the target is from 10% to 30% of businesses led by women and increasing overall ratio of businesses led by women. Of the new jobs created within the framework of this project the target is from 10% to 30% women. | No project reports have reached the evaluators. |
| <i>ENPI 2014 – Armenian SME finance and advice facility</i> | The DoA contains no paragraph or section related to gender equality. | No project reports have reached the evaluators. |

Moldova

| Project | Quote from design document | Quote from project report(s) |
|--|---|--|
| <i>ENPI 2010 - Economic Stimulation in Rural</i> | Mainstream gender aspects, empowering female economic | The project has carried out a number of short-term missions on “Support to |

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| <i>Areas</i> | activity in rural areas. Gender issues are widely addressed in this programme and were the subject of a specific study in the formulation period. | ODIMM in women entrepreneurship communication". A Women Entrepreneurship Communication Strategy was produced; a 3-Year Strategy/Business Plan for the Women Entrepreneurship Platform (WEP) was drafted. Challenges at this point in time include mainly the identification of a sustainable funding source and the difficulty to adopt a long-term vision in an unstable institutional landscape. |
| <i>ENPI 2011 – Business development projects under Confidence Building Measures</i> | Considering the specificity of the region, good governance, gender equality and human rights, as well as sustainable development are promoted throughout the activities proposed within the new CBM package. These principles will be further incorporated in the proposed package during the next programming stages of the project's management. | 443 people (196 women), beginner entrepreneurs (28 men, 22 women), mid and top-level managers attended Business School classes; 16 business school trainers (8 women) became better qualified business trainers; 12 top-level managers (6 women) participated at a study visit in the Czech Republic; Campaigns took place promoting business education and entrepreneurial culture, as well as women role-models; 252 SME representatives (85 women) improved their understanding of legislative aspects of cross-river business exchange. |
| <i>ENPI 2013 – Intellectual property rights</i> | Not contracted yet; design documents not accessible. | Not contracted yet. |
| <i>ENI 2015 – One-stop-shop for opening and closing business under PAR</i> | Not contracted yet; design documents not accessible. | Not contracted yet. |

Regional programme EAST

| Project | Quote from design document | Quote from project report(s) |
|---|--|--|
| <i>ENPI 2009 – European Fund for South-East Europe (EFSE)</i> | Not mentioned in the design documents. | Not mentioned in annual reports. |
| <i>ENPI 2010 – SME finance facility</i> | Not mentioned. | Not mentioned. |
| <i>ENPI 2012 SBS I – Implementation of EBRD SBS programme</i> | In addition to objectives that concern the enterprises themselves, SBS activities seek to promote gender equality through women in business initiatives. | Gender equality as cross-cutting issue played a role in 4 EGP projects and 19% of the BAS projects. |
| <i>ENPI 2013 - Supporting SME policy reforms in the Eastern Partner Countries</i> | The project is expected to positively impact a number of cross-cutting issues, among which gender diversification . The project recognises the gender equality issue and will address this by encouraging a balanced number of men and women taking part in the working groups, consultations and other activities. The gender issue is also considered in the framework of the project through a focus on women entrepreneurship and the role of SMEs providing specific | Gender equality is not mentioned in the project progress report. The opinion expressed by the contractor is that in particular, the relevant indicator on women entrepreneurship is handled in collaboration with ETF, which carries data collection and respective treatment. At the project's own level, gender balance is sought in working groups. |

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| | opportunities for women's economic empowerment through the development of their own businesses. | |
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ENI South

At the ENI South regional projects level, in the case of SANAD, gender balance is assumed (but not expressly visible) to be taken into account (within the framework of environmental, social and governance principles) as an eligibility criterion for Partner Institutions. Gender balance is also a key element of EBRD's institutional positioning. There is however no relevant information in the available documents. Although available project documentation does not specifically show this, EBESM should contribute to improving gender balance as one of the project's themes is "entrepreneurship, in particular for youth and women".

In general terms, therefore, gender balance is a standard element of programme and project documents, but there is little evidence to be found on available reporting (implementation; evaluation) documentation on gender mainstreaming in practice. On the other side, the lack of mention to this aspect may mean that gender discrimination is generally not a concern in the projects either.

In Egypt, there is little project information in relation to gender issues. In the case of the "Promoting Inclusive Economic Growth in Egypt" project, the action programme plans to "mainstream gender considerations and promote gender equality in the implementation of the activities. As significant economic opportunities are vested in the deeper involvement of women in economic activities, the new project will pay specific attention to facilitating gender equality in the MSME sector." However, it does not identify any concrete measure in this sense. The Service Contract Notice does not refer to this matter in any way however, and it remains therefore to be seen how these intentions will be materialised at contract and even more so at implementation level.

In Algeria, there is also little reference to gender issues: In the DIVECO I project, Gender balance was taken into account and practically implemented, particularly in the agro-industry and tourism sectors. In the two P3A III Twinning projects, no gender-related concerns have been raised (the "Stratégie d'Innovation Industrielle" project has not started yet. It was however mentioned during field meetings that in general women are promoted (only P3A was referred to, no other institutions), and in projects, the gender dimension is taken into account in all components: when asked details on how this is happening, the example of an expert that has been recently hired to help them design concrete measures⁷ was given. In the three PME II contracts, cross-cutting issues such as gender balance do not seem to have been considered. In the case of P3A, an expert has been recently hired to help design concrete gender-sensitive measures to promote female participation and empowerment.

Judgment criterion 12.1 – Sustainability of key project effects.

In Bosnia and Herzegovina, the situation in the IPR field is less advanced. The IPR Enforcement Strategy was not adopted and serious concerns exist on the sustainability of the project results. The risks to sustainability derived from the political (lack of) support for reforms in the IPR field may be mitigated if the project results are closely correlated with the negotiations for the EU membership, in other words if continued utilisation and implementation of project results become a conditionality for the BiH in this process. However, as in Serbia, the extent to which the project effects are sustainable depends also on how institutions directly involved in applying the IPR legislation understand to make use of the enhanced capacity and tools at disposal e.g. if training continues to be delivered by in-house trainers qualified by the project.

The limited engagement of State and Entity level institutions and the lack of adequate financing resources from Bosnian institutions are the key factors undermining the sustainability also in the case of the *IPA 2013 – Support to SME Competitiveness* project, at least from the perspective of continuing the implementation of a successful scheme with national funds to sustain and further stimulate economic growth. It is unclear at this point whether other donors expressed interest to back such interventions in the future although the involvement of EBRD as an institution with long-standing experience in the sector would guarantee its impact and there is a clear need for SBSs in more complex areas and for smaller companies. However, there is strong evidence as regards the SMEs and consultants' ownership under this scheme and thus effects such as increased capacity at SMEs level and of the supply side of SBSs

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<http://www.p3a-algerie.org/action-ponctuelle-lintegration-de-la-dimension-genre-dans-les-projets-du-p3a/>

may continue in medium- and long- run and may be reflected in the enterprise level of development, demand for SBSs and, consequently, of the quantity and quality/diversification of SBSs supply.

From a more strategic perspective, embedding the scheme in the SBA principles strengthens the sustainability prospects of its outcomes, as the SBA will continue to be used as main performance framework in the EU economic governance process.

The private sector, i.e. in this case the enterprises benefiting of business infrastructure made available under the project *IPA 2011 – Support to local economic development*, contribute to the sustainability of the business centres themselves and, consequently, the continuation of their effects in time. In all cases analysed (the Regional Centre for Economic and Rural Development (CERD) in Sava garden, the Business Innovation and Investment Support in the Una Sana Canton – BINOVA and the Entrepreneurship Centre in Orasje) the close collaboration with SMEs, i.e. which pay affordable fees for the services provided and/or are co-owners of the centre, and the local municipalities involved, i.e. which ensure location and cover operational costs for a number of employees, constitute a good practice in terms of ensuring sustainability of project results, although some uncertainty regarding the availability results are also flagged. This is facilitated by the environment of communication and coordination strengthened by the project and by the noteworthy human and physical resources put and maintained in place. The business centres act as “umbrellas” for SMEs in the region and support them in different areas, including fund raising and will continue to do so in the medium and long run.

Threats to the sustainability of the project effects derive from the challenging work to be done in rather rural and underdeveloped areas, with underdeveloped “competitiveness”/SMEs support systems in place and with human resources difficult to motivate and maintained outside central areas of BiH.

In Serbia institutions set up and/or developed under IPA project continue to have effects after the projects’ closure, in the sense that most of them manage to carry out activities initiated during project implementation, however, they are struggling in terms of ensuring a continuous flow of funds. This is possible if non-governmental sources are involved as it is the case with the Innovation Fund which implements more recent EU-funded R&D&I grant schemes and RDAs which are much involved in the implementation of CBC programmes. The latter still constitute partners and implement programmes developed by the Ministry of Economy although the dismantling of the National Agency for Regional Development (NARD) and creation of Development Agency of Serbia (DAS), which reportedly brings together only one third of the NARD and SIEPA (Serbia Investment and Export Promotion Agency) rendered some of the effects of projects analysed (RDSEP II) unsustainable.

The *IPA 2010 – Integrated Innovation Support Programme* continued to have some effects after its closure, mainly related to the activity of the Innovation Fund. However, as clarified during interviews carried out, Serbia was not prepared to implement the new concept of innovation and this unfamiliarity, which the project did not break, remains one of the reasons for the lack of/limited continuity of investments through the Innovation Fund, including the discontinuation of the National Innovation Voucher System. Similarly, the more limited external pressure, e.g. from the World Bank, on the government continues investing in this direction, only partially compensated by the available EU funding. It is worth mentioning that most members of staff capacitated during IISP are still working with the IF and this still uses the procedures for calls and project appraisal, monitoring etc. developed under the IISP.

While the 11 Technology Brokers set up under the project dissolved, it is unclear at this point how effective the 27 Local Access Points (initiated under the project but changed at a later stage) are. Equally unclear are the true effects occurring as a result of the training programmes for innovation management in SMEs and Investment Readiness as these are not monitored beyond the project lifetime. Similarly, although the knowhow and curricula for these trainings exist in the house, they are provided only to the extent where external funds are available, and not systematically. The efforts made to develop a Venture Capital framework haven’t materialised in relevant legislation in force and utilisation of this finance source for enterprises in Serbia.

Better sustainability of results is registered in the area of Intellectual Property Rights, at least in key institutions involved. The administrative procedures for Market Surveillance in Serbia were developed and capacity built, including in the case of the Ministry of Interior (the key enforcement agency) and its local structures. The procedures are widely known and applied, including by IPR holders and a system was put in place (INES+) to record and monitor cases. To the extent to which information from project documentation and interviews could be triangulated, we find that at a more strategic level some measures have been taken to further the application of IPR provisions in place at national and European level (i.e. a strategy was drafted and attention is paid to statistics and awareness raising in the field), however, their pace is slow and efforts are not continuously sustained. Fortunately, at technical level institutions capacitated, including the IPO, continue to carry out their tasks at European standards and a new project was developed and approved for financing under IPA based on the remaining needs of the system. The

Serbian IPO is regionally present and shares their experience, gained under the IPA project, with neighbouring countries (BiH and Slovenia). The impossibility to charge for the services provided is a threat to the IPO sustainability, given the scarcity of resources in the current economic context.

The impact of the *IPA 2012 – Improving e-business environment* is tangible even at this early stage, immediately after closure (November 2016). Project managed to mobilise successfully the government actors in the improvement of the e-Business environment through selection of EU standards. The basis for improvement of legal and regulatory framework is set. The achievement of the specific objectives, however, remains subject to ensuring adequate sustainability prospects and proper external conditions for action, especially through the continued private sector reform efforts of the Government of Serbia and political will and commitment to the e-Agenda. The project has a strong policy support component as it is in line with the prevailing strategies mainly in the ICT and private sector development. The main issue as seen presently is the lack of a fully clear picture of how the variety of outputs will be taken on by the national government and local partners. The interviews confirmed that the topic “e-business” is taken over as module in the SMEs national training programme managed by MoE and implemented by the RDAs, i.e. a Set of Standard Services for the enterprises, encompassing free training, information and mentoring. The RDAs and the informal network of consumer protection organisations were actively involved in the awareness raising activities of the project and this positively influences the potential for further effects beyond the project lifetime. Another programme on electronic payments is in place, implemented with national funds and this takes into consideration the activities and outputs of the EU project. The up-take of the recommendations made in terms of legislation, depends of the new government (including the Serbian Digital Agenda Authority) position and plans, which are not clear, yet.

The three regional projects analysed represent different types of interventions. At least in medium run (up to 2020) the *European Fund for South-East Europe* (EFSE) will continue to ensure its own sustainability as a revolving fund and no threats in this respect, i.e. high level of non-performing loans, was identified. The EC investments / subscriptions in EFSE (so far) have been with an unlimited tenor, which is the reason why there is no exit strategy. In conceptual terms of utilization of EU funding there is an argument that the funds invested in EFSE have reached their end beneficiaries multiple times over and have therefore ‘served their purpose’. No return of funds to the EC is foreseen.

The *South East European Centre for Entrepreneurial Learning* (SEECEL) has proven effects on teachers and learners involved in its activities; however, these effects perpetuate to the extent SEECEL itself continues activities and there is little evidence that tools and methods developed by the programme are taken up at national level and implemented systematically. And the longer-term impacts determined by improved entrepreneurial learning, such as increased competitiveness or improved social inclusion largely depend on the extent to which the SEECEL member countries and their respective national institutions embed the good practices identified by the project into timely national policy amendments, education curricula and entrepreneurial training services. It is estimated that by 2020 the number of relevant national institutions introducing the LLEL systems will be increased by at least 30% but it is unclear how this target was constructed and, thus, if it is realistic.

One pre-condition for the Centre success was the active participation, engagement and financial contribution of the region's Beneficiaries. Evidences collected during the fieldwork identified beneficiaries not involved in the SEECEL activities and not perceiving their added value. Similarly, while elsewhere the involvement in the SEECEL projects positively influenced the quality of cooperation between Ministries of Economy and Ministries of Education, which, in turn, placed higher on the agenda of entrepreneurial learning issue, such a development did not occur in some of the countries visited.

From a financial perspective SEECEL seems to be yet another (new) institution rather dependent on donors' resources, at least up to this moment. It is unclear to which extent it is realistic to expect that other sources of finance (i.e. annual budgets of member countries and revenue generating activities) will provide sufficient means to ensure self-sustainability of the Centre. An exit strategy would clarify this matter and pave the way towards a sustainable development and growth of SEECEL.

As regards *IPA 2013 – Next generation competitiveness Initiative*, the key indication of sustainability is the extent to which “streamlined, inter-related and sustainable regional structures” were created, are still in place and “continue to act as engines for the development and implementation of competitiveness enhancing policies”. The documents at disposal allow a limited assessment of the state of affairs beyond project completion in spring 2016. Only two Expert Groups were set up (one less than initially planned) in the sectors Food and Beverages Processing and Tourism and only the latter is still functional, with the OECD involvement. It is unclear how many best practices were identified and policy recommendation made and taken up by government, during but also after project closure.

On a positive note, the tool developed under the projects and improved with the support of the Eurostat continues to be used to monitor the implementation of the South East Europe 2020 Strategy. Similarly, a follow-up project seems to continue some activities of NGCI and thus, contributes to its sustainability.

In Armenia in the area of Intellectual Property Rights evidence identified in the documents analysed indicate that elements needed for the projects to register effects beyond their completion are in place. The capacity of the Armenian Intellectual Property Agency and other involved institutions was built and sufficient financial means were available for them to continue providing the services developed under the project. A compulsory training curriculum for judges on enforcement and protection of intellectual property rights was to be introduced beginning with 2014 by the Academy of Justice thus continuous capacity development is available for this category of stakeholders, for the long run. The private sector is informed on the importance of the IPR and supports developments in this area.

Although there is room for improvement as regards the alignment of the Armenian IPR enforcement legislation with the TRIPS agreement at least at the end of the project, good prospects existed as regards the implementation of the IPR Strategy and Action Plan although the process did not unfold in a transparent manner at all times.

The project *ENPI 2013 – Support to regional development in Armenia* paved the way towards subsequent interventions as it piloted a grant scheme dedicated to private and public operators but also NGOs involved in economic development at regional level and implemented capacity building activities targeting stakeholders particularly at macro and micro level on strategic topics and project development and implementation. Although in some cases it reached a lower number of participants compared to initial estimations and progress at individual level was slow, the trainings registered the expected effects in terms of capacity building but the extent to which these are sufficient and maintained, i.e. the extent to which the Regional Development Strategy adopted in 2016 is adequately implemented, monitored and improved is still to be seen.

With a strategic framework in place and a certain level of capacity and experience gained in designing and implementing interventions to enhance regional socio-economic development by supporting enterprises a more favourable context was put in place for the project recently initiated, i.e. the *ENPI 2014 – Support to SME Development in Armenia*. The latter builds on the 2013 project, capitalises on lessons previously learned and thus contributes to its sustainability, as confirmed also during the interviews carried out. However, as the system is still fragile the sustainability of the future actions to be implemented will depend on the extent to which the RDS is taken seriously (including in terms of data collection and adequate justification of objectives, priorities and measures proposed) and on the capacity of the involved institutions to further the results to be booked.

The *ENPI 2014 – Armenian SME finance and advice facility* has recently been launched and for the moment no risks to sustainability were identified, except for some incumbent risks related to equity funds, the survival of which depend on EBRD finding sufficient external risk capital. The capacity and experience of EBRD in providing SBSs is a guarantee for the impact and sustainability of the project's effects of this project.

Recently, efforts have been made to systematically collect information on the effects of the projects beyond their completion and their sustainability. The initial picture sketched on this data is less positive than hoped for, with information available rather at output than at outcome level and lack of evidence for genuine effects and their continuation in time. Further than the problematic data availability, sustainability is negatively affected also by the lack of a unique/representative voice of the private sector, to enter the policy dialogue with the government.

In Moldova, solid evidence was identified as regards the permanent attention that sustainability of results has received under the *ENPI 2011 – Business development projects under Confidence Building Measures*. The private sector related activities were implemented with notable results, however, it is unclear at this point if the communication platforms put in place are still active, or if the Business School set up continues to provide courses to entrepreneurs. The new Business Consultancy Unit established in the northern town of Rybnitsa which extended the Moldovan Chamber of Commerce's outreach to local companies is still in place but no confirmation was found that it is still offering on a permanent basis consultancy for cross-river business with all 8 trained consultants. The increased participation of companies from the Transnistria region to the Moldovan Chamber of Commerce does facilitate the continuation of project effects in the medium- and long-run through access to information and further consolidation of cross-river networking and cooperation. The capacity built at company and entrepreneurs' level, including for young, female and innovative representatives may perpetuate effects in terms of jobs creation and local development. The entrepreneurs trained will positively impact the local business market. A major threat to the sustainability of effects yielded is the support and openness of

authorities in Tiraspol, hopefully to be at least partially mitigated by the continuation of the project under ENI 2016.

In the case of *ENI 2015 – One-stop-shop for opening and closing business under the programme Support to Public Administration Reform (PAR)* the sustainability potential is shadowed by the apparent lack of coordination in design and implementation of the intervention with other similar (and numerous) initiatives and the Moldavian Government itself, as well as by the lack of alignment with the existing legislation in force (as argued in the interviews carried out).

Among regional programmes analysed the *EFSE* is in itself sustainable as a revolving fund and the repayment of loans remains at a very satisfactory level. The permanent increase in its portfolio proves its relevance to the existing needs particularly in terms of micro-finance. The EC investments / subscriptions in EFSE (so far) have been with an unlimited tenor, which is the reason why there is no exit strategy. In conceptual terms of utilization of EU funding there is an argument that the funds invested in EFSE have reached their end beneficiaries multiple times over and have therefore ‘served their purpose’. No return of funds to the EC is foreseen.

Some regional programmes either are continued in a customised and improved format at national level, e.g. *ENPI 2012 SBS I – Implementation of EBRD SBS programme* or contribute to the adoption/update/improvement/enrichment of countries’ SME strategies e.g. *ENPI 2013 – Supporting SME policy reforms in the Eastern Partner Countries*, which is evidence that key project effects shall last at mid- and long-term. In the case of the latter, a series of factors contributed to the leveraging/multiplication power of the project’s outcomes, such as the ownership on the stakeholders’ side, attained through consensus-building discussions, efficient management of activities, regular and effective communication and involvement approach and the issuing of evidence-based recommendations.

ENI South

In relation to the regional projects being analysed, and as it happens in relation to other EQs, the nature of the SANAD and EBRD projects, where deployment of financial instruments targeting MSMEs (through intermediary FIs) and providing complementary technical assistance (to both intermediaries and, in some cases, SMEs and other actors in the MSME competitiveness environment), sustains a high likelihood of key project effects lasting and leveraging/multiplying at mid- and long-term. Reporting provided for evaluation supports this reasoning, as both projects show sustained growth dynamism. Furthermore, these actions tend to nurture market strengthening, which in its turn would normally sustain leveraging.

It is however more difficult for other types of projects, such as the other three being analysed in the ENI South region, to ensure continued effects after conclusion. This is linked to the mostly non-commercial nature of the effects generated by the projects, as the continued “push” factor disappears with end of funding. The structural nature of the effects being envisaged by these projects would tend to continue generating positive effects in the mid- and long-term and, in this respect, the degree of their appropriation by beneficiaries and/or intermediaries, and the existence of strong demonstration capacity, capable of captivating interest for further investing in the strengthening and deepening the approaches and, as much as possible, tend to generate market dynamics (where economic interest would constitute a “definitive” sustainability/leveraging element), constitute key factors for sustainability success.

In this respect, the three projects demonstrate potential for reaching positive outcomes. This is confirmed on EBESM’s ROM report dated 28 July 2016, which states: “the overall prospects of sustainability of project benefits are good”. Also, confirming the above indications, the “good level of human and institutional capacity maintained by the direct project counterparts” constitutes the main sustainability factor, whilst “the main element limiting the sustainability is clearly linked with the financial means available to further support results achieved”. The “development of some tangible initiatives by the project” is also reported as a favourable sustainability factor for EBESM. Likewise, SANAD’s ROM report dated 29 August 2016 indicates that “SANAD’s actions demonstrate a very high degree of sustainability”, with all involved parties having “the necessary human resources and capacity to continue service delivery” as the main sustainability enabler.

In Egypt, available documents provide relevant information in relation only to two of the four projects being analysed: In the case of TDMEP - TA on trade & export, sustainability is systematically taken into account in the Inception Report and the project approach was designed with attention for strengthening, as much as possible, the potential sustainability of actions undertaken. For example, an innovative (as considered by the IR) action was proposed and approved by the PSC, in the form of a Policy Unit, newly set up, which would take further the Trade Strategy developed under the project, beyond its lifetime. The “Research, Development and Innovation Programme phase II” project, foresees sustainability by institutionalising the Innovation Fund and the FP7 network developed under C2. It is unclear at this stage if these plans were materialised and if they have had effect beyond this institutionalising phase. In general, however, information on sustainability and leveraging/multiplication power is relatively scarce.

Main risks that are identified in this respect relate mostly to human and Institutional capacities, as well as to political changes.

According to the TDMEP Team, sustainability is ensured mainly through trainers created under the project of Training of Trainers (ToTs, who could continue the capacity building process beyond the lifetime of the project) and through the Policy and Strategy Unit – if the latter becomes strong enough, it will be capable of furthering the process, including the implementation of the strategies. The MIT 2020 takes into account, as one of its 10 elements, the human resources & governance aspects. However, without a conducive political framework the envisaged effects will not be obtained and these will not be sustainable. Currently there is a favourable political context in Egypt, which may facilitate the transformation process. Involving the private sector in the implementation is also important for sustainability. There may exist an issue of funding continuity affecting sustainability. Sustainability of the “TDMEP – TA on trade & export” project may be made particularly difficult because the Ministry decided to restrict import by imposing higher taxes.

In relation to the “Research, Development and Innovation Programme phase II” project, it was alleged by the representative of the R&D&I project that, under Horizon 2020, the condition of cooperation with different/a number of countries does not exist anymore and if this is not specified in the call, Egyptian partners rarely find their way in proposal. Horizon 2020 is all in all less flexible than FP7. There are, however, projects that continued under Horizon 2020, such as Sheraca.

In Algeria, it was noted during field meetings that in the current context (diminished resources to the budget due to low oil price) the state took some (insufficient and slow) measures (e.g. metrology, normalisation, etc.), particularly in terms of institution building, however, for example ANDPME could not be organised properly because the tasks of this institution were too numerous for its capacity as such (in terms of both number of employees and their qualification and expertise), and also it did not have the necessary political weight. This interviewee continued saying that the situation of ANDPME has not changed (recommendations of evaluation not taken on board), although some pieces of legislation have been recently improved (Law on SMEs) and the Agency for the Promotion of Investment was set up (with an identical approach, where institutions are set up but it is not clear whether they actually are or shall become effective). The annual finance laws are further regulating the sector. The budgetary framework is allegedly not an encouraging factor either.

In other exchanges, it was possible to conclude that: No systematic follow-up is done to see what happened to results booked, after projects closure; PME I was not replicated by the state, although this was the original intention; Institutions are created but they do not book results after project closure (e.g. privatisation); knowledge is absorbed at the beneficiaries’ level but the results at this point are more in terms of preparing the ground for real reform.

In relation, specifically to the Algerian projects, viability and sustainability of the three projects that had been started is evaluated in a moderately positive manner in the existing reports. In the case of DIVECO I, an exit strategy was designed and implemented and this constitutes a positive factor, as it allows for smooth and more effective transfer to key stakeholders in targeted sectors. Twinning projects (2 started; 2 projected) are mentioned as additional leveraging factors. One person met during field visit mentioned that DIVECO I project was overambitious, although needed because diversification is a real need. Transformation in terms of integrating/creating linkages between industry and agriculture is essential, but transforming agricultural production is difficult because of the distance (including cultural) between the two sectors. The challenges with the equipment of CTIAA were solved in September 2015. In the Tourism sector, there are also difficulties as e.g. in some cases authorisations are not issued by the Government and overall significant workstill needs to be done.

In relation to the P3A III (ALGEX) Twinning project, sustainability of effects is evaluated positively, with a question mark in relation to the existence of an adequate level of human and institutional capacity in order to continue delivering the project’s benefits. The fact that the services being improved/enhanced by the project shall be free of charge for the beneficiary SMEs constitutes a positive factor in this respect as it allows for leveraging and multiplying mid- and long-term impacts. The level to which the relevant authorities have taken/are capable of timely taking the financial measure to ensure the continuation of services after the end of the project may however cause some concern, as the beneficiary SMEs will quickly become accustomed (addicted) to receiving a free service from ALGEX. In the long term, introducing a success fee might constitute a positive development to continue ensuring sustainability.

Regarding PME II (three contracts), great care was taken by PME II management in ensuring transfer of project results to relevant institutions. Sustainability of Programme effects was evaluated positively at the SME level, potentially positive at the Quality component level and less positively at the institutional level, due particularly to the weakness of e.g. Algerian professional Associations. In general, the overall sustainability of the Programme is classified as aleatory and insufficiently ensured until key enabling

decisions and actions are taken and assumed. Leveraging/multiplication of PME II's effects will be very much linked to the quality and the intensity of appropriation of results within the National Development Programme (Programme National de Mise à Niveau, PNMàN) and the institutional strength of the National Agency for SME Development (ANDPME) to guarantee appropriate push and momentum for effectively spreading the effects. It was referred during field meetings that PME II contributed to the dialogue between private parties and the government, which might lead to a setting aside some of the currently persisting obstacles to exports, and increased interest of companies to sell internationally.

Another note was made in the sense that PME II impact on enterprises was not sustained or at least not visible. Contribution of enterprises to the project was not spent, and this money consisted the seed for CAP-PME.

Judgment criterion 12.2 – Leveraging/multiplication power of key project effects.

In Bosnia and Herzegovina leveraging of interventions at central level is hampered by lack of political support and of financial resources to continue certain activities in the IPR area or SBSs schemes targeting SMEs. At local level the business centres have potential to leverage their effects and support more SMEs and their development, as well as local development, as in most cases a successful business model for their continuation was adopted.

In Serbia interventions in the area on innovation currently have leverage effects from the perspective of the capacity built at IF level, capacity which is used for the deployment of further funds (granted by donors, mainly EU) and training to SMEs and R&D institutions. The awareness built through the projects implemented may have multiplication effects if good practices of Innovative SMEs are widely disseminated and if the national government will continue to focus on innovation and initiatives such as the 2016 Entrepreneurship year; although in general there is commitment at governmental level in the competitiveness area, the current political situation does not allow for immediate, strong initiatives to be taken. The potential for the leveraging of the projects is substantially diminished by the limited replication of the grant schemes and training programmes developed with national funds.

The leveraging potential of IPA 2012 – Improving e-business environment is high as numerous elements were put in place for the tools developed under the project (e.g. for e-invoicing, e-trademark) to be used by enterprises. An essential precondition in this sense is the adoption by the government of all legislative changes proposed in the framework of the project. The awareness raising efforts need to continue to register a multiplication of, for example, e-consumer certificates awarded or use of electronic invoices. Another element which will positively influence the multiplication potential of this project is the ownership and involvement of institutions.

In the area of Intellectual Property Rights, the leveraging effect depends substantially of the IPO capacity to work with (more) enterprises as regards the IPRs protection, and this capacity is stable as no supplementary resources are available for a staff increase, while the training of new staff may be realised in house. Perspectives in the case of enforcing agencies are positive, as their capacity was consolidated during the project analysed, they have at disposal tools to carry out their activities and a new project will be implemented to cover remaining needs.

The only leverage the *IPA 2011 – Regional Socio-Economic Development Programme II* has produced is through the RDAs which continue their activities at local/regional level despite their financial insecurity. The regional development idea and institutions were abandoned by the Serbian government.

The key challenge to the multiplication of IPA multi-beneficiary (MB) programmes' effects is their uptake in the national system which does not seem to be the case, yet (SEECEL, NGCI). As argued during interviews carried out, the latter's leveraging effect is triggered mostly through the new project being carried out by the OECD as a sequence to the NGCI project. However, this manner adopted to leverage the effects of a project is rarely sufficient.

In Armenia, the leveraging effect depends, as in other countries, by actions to be taken by the national government. Two projects prepared the grounds for and contributed to regional and local development through SMEs support and these effects will be multiplied to the extent to which the government will implement the newly adopted Regional Development Strategy and will continue to support the SMES and other local actors to develop and implement effective projects. Projects such as the *ENPI 2014 – Armenian SME finance and advice facility* have by design maximum leveraging capacity as the EBRD pledges to mobilise 8 times the capital invested by the EU into the project.

In Moldova, measures such as setting up new structures under the Chamber of Commerce in the Transnistria region have strong leveraging effect as they combine the strength of an already existing organisation with the extended reach offered by the branch. The networking of enterprises on both sides of Nistru and the involvement of Transnistrian enterprises is facilitated and stimulated, including through the business support the trained staff may offer.

Among regional programmes implemented in the EAST the *ENPI 2010 – SME finance facility* distinguishes as it pledges, in its design, to leverage 9 times more funds from the Finance Institutions to financial intermediaries, for on-lending to SMEs in EaP countries.

Judgment criterion 14.1 — *Degree of ownership over R&D and innovation activities.*

Bosnia and Herzegovina

IPA 2009 – Business infrastructure: The project – as designed and as implemented – did not contain activities, outputs or expected results related to research & development, or innovation.

IPA 2011 – Intellectual Property Rights: Conceptually, IPR enforcement facilitates innovation in the sense that it diminishes the risks of other people running away with the results of inventions. Thanks to this and earlier EU projects, the IP Institute in BiH has become an important player, supported by the government. Therefore, it is deemed that sufficient policy and tools ownership exists.

IPA 2011 – Capacity building for trade policies and analysis: The project – as designed and as implemented – did not contain activities, outputs or expected results related to research & development, or innovation.

IPA 2011 – Support to local economic development: Several individual grant projects are dedicated to the establishment of centres of excellence, SME advisory centres including innovation support, and technological cooperation between business and academia. Even where these projects claim sustainability, however, the distinct risk exists that when EU funding comes to an end, the projects will have difficulty in finding continuing funding. This is mainly so because BiH does not have country-wide policy instruments to finance research & development, or innovation, while those at the entity level are of limited size.

IPA 2013 – Support to SME Competitiveness: Innovation-related activities are not explicitly included in the project design, although it is possible that through the SBA component, improvements in policies and tools will be introduced.

Serbia

IPA 2010 – Integrated Innovation Support Programme: This project was fully dedicated to innovation support. The Innovation Fund has adopted the methodologies of the project and was enabled to continue similar activities through national budgetary financing and with funds from the World Bank. Ownership is strong.

IPA 2011 – Regional Socio-Economic Development Programme II: The project – as designed and as implemented – did not contain activities, outputs or expected results related to research & development, or innovation.

IPA 2011 – Enforcement of Intellectual Property Rights: Conceptually, IPR enforcement facilitates innovation in the sense that it diminishes the risks of other people running away with the results of inventions. Thanks to this and earlier EU projects, all Serbian institutions with responsibilities related to IPR protection and enforcement are cooperating in a coordinated manner and the IPR Office provides the administrative and technical support for the Coordination Body established by Government. The downside is that the National Strategy on IPR and related legislation is still awaiting adoption. Another issue potentially affecting policy and tools ownership lies in the fact that with each change of leading political party, IPO's top management is changed. Finally, pursuant to decisions of various government coalitions in the past and present, the staffing of IPO is in continuous decline. The picture on ownership, therefore, is mixed.

IPA multi-beneficiary (MB) programme

IPA 2009; 2013; 2013 – Regional entrepreneurial learning centre SEECEL: The project – as designed and as implemented – did not contain activities, outputs or expected results related to research & development, or innovation.

Cards 2006; IPA 2007; 2008; 2009 – European Fund for South-East Europe (EFSE): The project – as designed and as implemented – did not contain activities, outputs or expected results related to research & development, or innovation.

IPA 2013 – Next generation competitiveness Initiative: The project – as designed and as implemented — did not contain activities, outputs or expected results related to research & development, or innovation.

Armenia

ENPI 2011 – Strengthening the Enforcement of Intellectual Property Rights: Conceptually, IPR enforcement facilitates innovation in the sense that it diminishes the risks of other people running away with the results of inventions. The project however focused on administrative, institutional and legal

issues and did not contain activities, outputs or expected results related to research & development, or innovation.

ENPI 2013 – Support to regional development in Armenia: The project – as designed and as implemented – did not contain activities, outputs or expected results related to research & development, or innovation.

ENPI 2014 – Support to SME Development in Armenia: The ownership of R&D and Innovation activities is well planned, by inclusion of actors at meso and micro level and with promotion of their activities, together with incentives envisaged for other parties involved who can bring added value in this regard. The local partner EIF has a target group consisting of only IT and innovative companies that bring value to the whole community. EIF will manage the grant component of EUR 1.2 million. Furthermore, project result 3 is defined as an improved process of commercialisation of ideas linking research institutions and businesses via cooperation networks. The project will provide the relevant Armenian authorities with EU best practice in this field. The prospects for ownership of R&D and innovation look promising.

ENPI 2014 SME – Finance and Advice Facility: Innovative companies are explicitly part of the target group for finance and for advice. It is to be expected (although not stated as such in the design documents) that where work is done on the improvement of the local SME consulting industry, this will also include training and capacity building in the field of innovation support. Recipients of the capacity building activities are private consultants and they will be keen to apply the new knowledge in commercial advisory projects once the EU financed project has come to an end.

Moldova

ENPI 2010 – Economic Stimulation in Rural Areas: The project – as designed and as implemented – did not contain activities, outputs or expected results related to research & development, or innovation.

ENPI 2011 – Business development projects under Confidence Building Measures: The project – as designed and as implemented – did not contain activities, outputs or expected results related to research & development, or innovation.

ENPI 2013 – Intellectual property rights and ENI 2015 – One-stop-shop for opening and closing business under PAR have not started yet.

Regional programme EAST

ENPI 2009 – European Fund for South-East Europe (EFSE): The project – as designed and as implemented – did not contain activities, outputs or expected results related to research & development, or innovation.

ENPI 2010 – SME finance facility: The project – as designed and as implemented – did not contain activities, outputs or expected results related to research & development, or innovation.

ENPI 2012 SBS I – Implementation of EBRD SBS programme: The project – as designed and as implemented – did not contain activities, outputs or expected results related to research & development, or innovation.

ENPI 2013 – Supporting SME policy reforms in the Eastern Partner Countries: The project – as designed and as implemented – did not contain activities, outputs or expected results related to research & development, or innovation.

ENI South

None of the ENI South regional projects has activities directly linked with/aimed at R&D and innovation.

In the case of Egypt, there is a strong ownership on R&D&I activities, although overall this country does not score highly at this dimension under the SBA – almost 3 points out of 5 under dimension 8.b Innovation in 2013. The situation has not evolved significantly in the meantime: in 2015, under the Competitiveness Index, dimension 12. Innovation, Egypt was on the 120th place among the covered countries, with 2.7 points out of 7. However, as described in the annual progress reports, Egypt is active in the field, also with the support of the two Research Development and Innovation Programmes implemented with EU funds (the second one was launched in 2011, is closed and is covered by this evaluation) and the EU-Egypt Innovation Fund. Very important is the synergy created between the RDI II programme and Egypt's participation under the FP7 programme. Under the EU's RDI II programme, the Egyptian authorities put in place an effective network, across the country, of contact points for the EU's Seventh Framework Programme for Research and Technological Development (FP7). This contributed to a good participation of Egypt in the programme – every year around 50 partners, 100 and above participants, and a total budget of EUR 10-13 million. Moreover, Egypt plays an important role regionally: the EU launched "Horizon 2020", for the South Med region in Cairo in February 2014. Under Horizon 2020, the Sheraca+ project, following Sheraca implemented under the FP7 programme, aiming to

strengthen bi-lateral cooperation between the EU and Egypt in science, research, innovation and technology, was launched in January 2014. Key stakeholders actively involved are the Ministry of Higher Education and Scientific Research as well as the Academy of Scientific Research and Technology.

In the particular case of the already mentioned “Research, Development and Innovation Programme phase II” project, the lack of ownership/leadership and capacity in the Ministry of Scientific Research constituted one of the key obstacles to implementation, as there was incapacity to retain resources and keep momentum after funding completion.

In Algeria, and in relation to the P3A III (Stratégie d’Innovation Industrielle) project, the inclusion of actors at the meso level and the promotion of Innovation-related networking constitute factors with potential for increasing ownership over R&D and innovation activities. The PME II (multiple contracts) does not directly mention R&D and innovation activities; indirect ownership over factors, processes, tools and practices related to innovation is nevertheless possible. The linkage with R&D would in any case likely be minimal.

It was highlighted during field meetings that innovation is really not done because it is not stimulated somehow from EU level – the focus is more on respecting rules, which is difficult already, not to do something outside the box. It was thus suggested that some incentives should be developed from the policy level in future programming. It was also noted that the innovation system in Algeria has a lot of stakeholders, involved through e.g. twinning projects in the set up and consolidation of this system. There are SMEs in Algeria that innovate, but they are not aware of this. There is no “detecting system” to identify their innovations as such. Under DIVECO I, component II, innovation should have been (at least) influenced through the Technical Centres and the laboratories and metrology activities carried out. But this does not seem to be the case because the results realised came late and seem not to be fully sustainable.

Annex 9 Stakeholders' workshop

Synopsis of the consultation with stakeholders, 5 April 2017

Persons attending:

| | |
|-----------------------------------|------------------------------|
| Bernard Brunet – NEAR A3 | Ingrid Schwaiger – NEAR B2 |
| Odoardo Como – NEAR A3 | Anna Soltysik – NEAR C1 |
| Andrea Baggioli – NEAR A3 | Davor Percan – NEAR D3 |
| Youssef Tadros – NEAR A3 | Alessandra Kostova – NEAR D5 |
| Vlad Rosanski – NEAR B2 | Hans Blankert – DAI Europe |
| Dragan Crnjanski – B6S Consulting | Pedro Almeida – DAI Europe |

Welcome by Bernard Brunet.

Personal introductions by all participants.

Hans Blankert invited to present the evaluation's conclusions, supported on provided PowerPoint presentation. Key points having deserved discussion:

- Relevance
 - Relevance positively evaluated, problems/inefficiencies exist in relation with HQ / regional / national programmes co-ordination
 - No overlapping; complementarity
- Efficiency
 - Delays in contracting and implementation
 - Poor interaction, particularly at beneficiaries level
 - Local actors rather unaware of regional programmes/projects
 - Beneficiaries not very keen on implementing sector approaches
 - Except ROM, monitoring systems are insufficient
- Effectiveness
 - IFI reporting on SME performance (e.g. growth; jobs; exports; technology adoption; green economy) insufficient – all actors in the SME financing value chain already have or may easily collect relevant information, however this is not passed (at the appropriate aggregate level) to Donors (e.g. the EU).
- Impact
 - Non-financial support with variable impact
 - IFI support likely (see above about lack of relevant SME performance information) to be considerable
 - Not possible to judge on SME performance, impact seems however likely
 - Gender mainstreaming not existing. Gender neutrality is however widespread within the analysed projects, at both regional and national levels.
- Sustainability
 - Dependency from further financing is in many cases clear, which means that sustainability (particularly at the level of institutions/organisations survival and/or continued use of tools) may be questioned
 - Slow pace in adoption of legislation & admin procedures
- Coherence
 - Participation in FP7 / CIP exists but rarely through PSD/Competitiveness
 - SBA strongly represented, except for green economy
- EU Added value

- Cooperation between regional / national levels insufficient

After completion of presentation of conclusions, Andrea Baggioli and Hans Blankert exchanged on follow-up work, with the latter highlighting that, having timely and systematically highlighted need for additional information, the team is at this late stage not planning to collect new information or open new issues, but only to correct factual mistakes and to the appropriate extent review recommendations.

Andrea Baggioli mentioned that some conclusions lack adequate grounding, which was contested by Hans Blankert.

Hans Blankert invited to present the evaluation's recommendations, supported on provided PowerPoint presentation. Key points having deserved discussion:

- R01
 - Subsidiarity
 - Bernard Brunet has fundamental issues about this, as regional cooperation is in itself an objective, which may not be appropriately developed at national level
 - Discussion generalised, with several other participants sustaining Bernard Brunet's remarks.
 - IMF in WB as a good example of non transfer to national level
 - The team highlighted that the principle of subsidiarity in itself, and the way the recommendation is made, do not imply the suggestion of "blind" "once-size-fits-all" transfer of regional programmes to national level.
 - Conclusion: Recommendation shall be either adapted to stress that the principle of subsidiarity should be applied within proper assessment of advantages and disadvantages and in respect to the principles underlying regional policies and programming, or deleted altogether.
- R03
 - Intervention logic (particularly in regional programming) should be strengthened: Results of needs assessment, and how they are specifically addressed by programmes and projects, are currently not visible in programming documents.
- R04
 - Conditionality and accountability
 - Odoardo Como and Davor Percan made comments on the extent and practical feasibility of the recommendation, highlighting that, whilst respective principle is valid, it must be applied in ways that must be credible and practically feasible.
- R06
 - The Representative of Moldova EUD (attending by videoconference) – made remarks on R06, which were clarified by Hans Blankert
- R08; R09
 - Progress exists, after evaluation period. It should become more systematic. Better auditing & enforcement capacity
 - Davor Percan highlighted that there is a monitoring system in WB countries
- R10
 - Check the rationale of this recommendation
- R12
 - Aleksandra Kostova noted that there are studies (e.g. OECD). Youssef Tadros confirmed that a systematic and thorough discussion process exists with IFIs.
- R13
 - SMEs are not aware (and made aware by their local banks) of all possible financial instruments made available by EU-funded IFIs

- R14
 - Odoardo Como noted that the recommendation is appropriate but difficult to implement
- R15
 - Youssef Tadros noted that some elements of the proposed 4-steps approach already exist. Progress is on-going

Annex 10 PSD/Competitiveness strategies in the selected countries

Albania's relevant strategies feeding into the IPA programmes of 2010-2013 emphasise the need for improving the general business climate (especially the regulatory environment, informal economy and occurrence of corruption), developing tourism as a priority sector, scientific development, including technology transfer and innovation. EU programming only in a very limited way connects to these needs; interventions in the period 2010-2013 consisted of support for participation in Union Programmes, such as FP7 and CIP. Merely one EU intervention (2013) directly addressed SMEs. With the adoption of the Business and Investment Development Strategy for the Period 2014- 2020, the focus changed only slightly. Although the first objective is to "Increase the SME competitiveness, stimulating the increase of new enterprises and employment", the only real needs identified were lack of access to finance, the improvement of training and management skills focused on potential entrepreneurs and the upgrade of the competitiveness of domestic products, to increase exports. Again, for the programme period after 2013, the focus was on support for participation in Union Programmes, now COSME and H2020. It is true that the regional IPA programme covers some of the identified needs, such as access to finance and trade enhancement.

Bosnia and Herzegovina does have strategies related to PSD/Competitiveness, but several of them have never taken effect, either because they were not adopted or because they were not implemented. The current situation is that there is an SME development Strategy 2014–2018 of Republika Srpska, a Development Strategy of the Federation of Bosnia and Herzegovina (2010-2020) an Economic Reform Programme 2016-2018 proposed by the Federation BiH, and a Brčko District 2008 –2012 Development Strategy. An overall BiH Strategy for Development of SMEs 2009-2011 also exists, but has never been implemented, for obvious reasons. Any effort to seek links between national strategies and the EU programmes is futile; the persistent efforts of the Commission to contribute to the PSD/Competitiveness sector in the country are laudable, but they have no roots in national policies; instead, common sense has driven programming.

As far as Kosovo is concerned, there is a national development strategy 2016–2021 (NDS), targeting sustainable economic and social development through four thematic pillars: human capital, the rule of law and good governance, development of competitive industries and development of infrastructure. This strategy is a follow-up to various partial strategies produced in the past and it can therefore serve as a good benchmark for EU programming. It was found that there is a high level of correspondence of EU country assistance objectives in the 2010-2015 programmes with the needs identified at the country level in terms of PSD policies/strategies.

The Macedonian government programme 2011-2015 gave high priority to socio-economic development through fostering economic growth and creating employment. Particular foci were the improvement of the business climate and competitiveness, decentralisation, regional development, infrastructure and public administration reform. Related to PSD/Competitiveness, the national policies emphasised the importance of topics such as e-Business, simplified procedures for obtaining permits and licenses, links between companies and universities to decrease the technological gap with Europe, access to finance including export credits, attracting foreign direct investments. Support to SMEs should especially target crafts. Although in general the MIPDs followed this priority setting, actual interventions only marginally answered the needs expressed. In the programming period 2010-2013, means were scattered over manifold interventions, most of which only with indirect effect on the entrepreneurial sector. The actions envisaged under the Action Programme 2014 are only aligned to one specific programme for creating competitive advantages of the planning regions of the Regional Development Strategy 2009-2019 and Law on balanced Regional Development, focusing on promotion of tourism and its strategy but not with any other national or EU priorities and strategies envisaged for PSD/Competitiveness.

Montenegro is a peculiar case. The country has produced numerous strategies touching upon PSD/Competitiveness, such as the strategy for enhancement of competitiveness 2011-2015, an SME development strategy 2011-2015 (preceded by the SME strategy 2007-2010), a strategy for sustainable economic growth through the introduction of Business Clusters 2012-2016, an industrial strategy addressing the metal and agro-processing industry, a sector strategy for the tourism sector. The relevant MIPDs acknowledge the existence of these strategies, but actual EU allocations to the PSD/Competitiveness sector have been extremely modest (see Annex 7.4) and did not follow in a perceptible way the needs expressed in the country strategies. Other sectors were given priority.

Serbia has an abundance of strategies, so many even that some authorities question the usefulness of partial strategies for basically minute sub-sectors. The EU has encouraged the development of these strategies, and financed a goodly part of their production costs. A digest of these strategies is the National Strategy for Economic Development 2006-2012, which defines six key economic goals for Serbia namely: creating an attractive business environment; knowledge-based development;

development of efficient economic infrastructure; balanced developmental and social role of the state; more balanced regional development; and sustainable development. The National Strategy of Regional Development 2007-2012 prioritises sustainable development, regional competitiveness, (...) and continuation of the decentralisation process. The Strategy for Development of Competitive and Innovative Small and Medium-sized Enterprises 2008-2013 is built on five pillars covering: entrepreneurship and start-ups; human resources for a competitive SME sector; financing SMEs and taxation of SMEs; competitive advantage for SME on export markets; and the legal, institutional and business environment for SMEs. All Serbian strategic priorities were consolidated in the document "Needs of the Republic of Serbia for International Assistance 2011-2013 (NAD)" which identifies a series of mid-term sector objectives; for PSD/Competitiveness they are (1) to increase competitiveness and export by improving the business environment and by increasing investment in research and development; (2) to ensure effective competitiveness and market operations through full approximation of national legislation with the EU acquis; and (3) to reduce disparities and promote balanced development by focusing on the development of economic and business related infrastructure and services, as well as strengthening the capacities of local and regional stakeholders.

The MIPDs 2008-2010 almost seamlessly follow the strategic priorities defined in national programmes. And interventions in the period 2010-2013 – of course limited by budget constraints – all aim at realising the national strategic objectives. For the period after 2013, the SME strategy was updated by a new one covering the period 2015-2020. Although the terminology changed a bit, it basically repeats the 2008-2013 pillars: business environment, access to finance, human capital, competitiveness and innovation, export promotion, and women's entrepreneurship. These priorities also feature in the EU's Indicative Strategy Paper 2014-2020 (IPA II) and Serbia's sector planning document 2014-2017, which points at good alignment. Yet, information from the field indicates that the Commission Services, during the annual programming process, tend to one-sidedly deviate from the planning document, which may endanger the consistency with national needs.

In Turkey, the Regional Competitiveness Operational Programme 2007-2013 and 2014-2020 define the interventions since 2007. The OPs can be considered to integrate the sector strategies covering the relevant programming periods, but are limited to fields of EU interventions. Wider strategies are Turkey's 9th Development Plan (DP) 2007-2013 and its 10th DP 2014-2018. EU strategies as laid down in the MIPDs are well in line with the strategies (and needs) formulated by Turkey. As part of the programming process in 2010-2013, only projects that have achieved sufficient readiness for implementation have been accepted, as also those focusing on the political priorities of the accession process. There has been an insufficient direction and lack of specific criteria to determine the priorities of EU assistance and insufficient measurability of achievements of assistance given to Turkey. Given the often insufficient strategic underpinning of assistance provided, the revised MIPD for 2011-2013 aimed to be a step in the direction of establishing a more strategic and focussed programming framework for IPA. For the period 2014-2020 the level of alignment is higher: On the enterprise and industrial policy principles there is a clear alignment between the policy objectives defined in the EU strategies and assistance objectives on the one hand and the Industrial strategy of Turkey for 2015-2018 on the other hand. Turkey's targets have become aligned with EU's 2020 strategy in Science, Innovation and Industry policy fields. The national innovation and entrepreneurship system targets have been renewed and targets have been set for the year 2023.

Finally, the *raison d'être* of the IPA multi-beneficiary (MB) programme is to complement and add value to the national programmes, and to enhance regional cooperation. The idea is that the MB interventions address common needs of the IPA beneficiaries in a manner that is more efficient than when addressing them in individual national programmes.

The MIPD 2009-2011 has five priority axes; one of them is "Economic criteria" where assistance focuses on Competitiveness of the economies, cooperation with IFIs and education and youth. It claims that "following discussions within the European Commission and with the IPA beneficiaries, and on the basis of the needs identified in the region, it has been agreed to extend the scope of strategic choices to include competitiveness of the economies in this MIPD". The needs analysis must surely exist, but it has not reached the evaluators.

Within the MIPD 2011-2013, there are 7 priorities, only one of which touches upon PSD/Competitiveness, namely, (6) to help beneficiaries overcome the economic and financial crisis by jointly working on increasing competitiveness and investments in infrastructure. Private sector development is an explicit focal sector.

The Indicative Strategy Paper 2014-2020 changes the terminology, but maintains the principles of earlier strategies. Competitiveness and innovation is a sub-sector under "competitiveness and growth", other sub-sectors being education, employment and social policies, transport and energy, and environment and climate action. The IPA MB programme sets out to boost competitiveness and innovation to allow

countries to participate in the global economy and to improve the overall business environment including the capacity for research and innovation, by invigorating trade, integration and export-led growth. A particular focus is on private sector development and SMEs.

Apart from the national needs of beneficiaries, the programme takes into account the needs formulated in the Regional R&D Strategy for Innovation and the South-East Europe 2020 strategy, EU Strategy for the Danube Region and the Adriatic-Ionian Strategy.

Each of the countries places great emphasis on private sector development; at this level of abstraction, and assuming functional consultation processes, the MB programme can therefore be considered in line with the needs of the countries. However, this picture changes when looking at the individual interventions and especially, at their effects and impacts. As an example, we quote the PF 2009 for the SEECEL initiative, saying that *“Entrepreneurial learning does not, in general, feature in the national development plans of the Beneficiaries. The Beneficiaries need to determine how national learning systems can better contribute to overall economic progress”*. It follows that the need for the project was not rooted in perceived national needs, but rather in the Commission's perception of those needs.

Annual programmes for Armenia during the period 2010-2013 were based on the EU's Country Strategy Paper (CSP) 2007-2013 and on the EU-Armenia Action Plan. When selecting the priorities for action, reference was made to the Policy Areas defined in the ENP Action Plan, which are: (1) strengthening of democratic structures, of the rule of law; (2) strengthening of respect for human rights and fundamental freedoms; (3) encourage further economic development, enhance poverty reduction efforts and social cohesion; (4) further improvement of investment climate and strengthening of private sector led growth; (5) further convergence of economic legislation and administrative practices; (6) development of an energy strategy, including an early decommissioning of the Medzamor Nuclear Power Plant; (7) contribute to a peaceful solution of the Nagorno Karabagh conflict; and (8) enhanced efforts in the field of regional cooperation.

The CSP states that assistance provided under the national ENPI envelope for Armenia will focus on three priority areas which have been selected on the basis of joint EU- Armenia policy objectives. They are (1) Support for Democratic Structures and Good Governance; (2) Support for Regulatory Reform and Administrative Capacity Building; and (3) Support for Poverty Reduction Efforts. The latter priority area includes regional development, which potentially has some PSD/Competitiveness elements. Yet, apart from the above reference to “joint EU-Armenia policy objectives” the strategy does not hint at a needs analysis having been performed. Judging the interventions eventually implemented, SME/Competitiveness was not a priority sector.

Perhaps this was caused at least in part by the fact that several countries did not, at the time of programming, have valid national strategies. A Sustainable Development Programme representing the national strategy for economic and social development was adopted in 2008 but was never implemented. The Government's argument was that the international economic and financial crisis had rendered it irrelevant. Instead, a new Armenian Development Strategy (ADS) was produced and adopted (only) in 2014. The table in Annex 7.4 illustrates that under these circumstances, few concrete interventions affecting PSD/Competitiveness could be devised. For 2013, the Commission Services identified the need for Armenia to record satisfactory progress in the implementation of the EU-Armenia European Neighbourhood Policy Action Plan. One project on regional development was a tentative answer to this need, although it predominantly focused on systems and institutions, rather than on SMEs. EBRDs transition report for 2013 concluded that support for SMEs' growth could contribute not only to the national and local socio-economic welfare in a sustainable way but also reinforce demand for democratic change.

As of 2014, programming was based on the Single Support Framework for EU support to Armenia (2014-2017). The sectors selected for support are (1) Private sector development, (2) Public administration reform, and (3) Justice sector reform. Programming year 2014 marked a dramatic change in approach. An unprecedented amount of EUR 22 million (of a total annual EU contribution of EUR 40 million) was allocated to the PSD/Competitiveness sector, most of which for providing direct financial and non-financial support to SMEs. Since 2014, the EU support is fully in line with the priority needs as formulated in the ADS.

Overarching strategic documents for EU support to Moldova in the period 2010-2013 are the ENPI Strategy Paper 2007-2013, the MIPD 2007-2010 and the MIPD 2011-2013. Annual Action Programmes are based on one or more of these documents. Strategic priorities for 2007-2013 were: (1) support for democratic development and good governance, (2) support for regulatory reform and administrative capacity building, (3) support for poverty reduction, (4) economic growth and (5) implementation of the ENP Action Plan.

The annual action plans (AAP) reflect these priorities; the 2010 AAP repeats without amendment the strategic priorities. The AAPs of 2011, 2012 and 2013 all have the same set of priorities, namely (1) support for good governance, rule of law and fundamental freedoms, (2) support for social and human development and (3) support for trade and sustainable development.

There is no reference in the strategic documents to a needs analysis. However, the programmes were discussed with the Government before they were finalised, while the national authorities have participated in drafting procurement documents.

From 2014 onwards, the Single Support Framework (SSF) for the period 2014-2017 is the basis for programming of EU assistance. The three priority sectors of intervention to be financed through the national envelope are Public administration reform, Agriculture and rural development, and Police reform and border management. In actual fact, there is no explicit reference to, or action for, the PSD/Competitiveness sector. The AAP 2014 focused on PAR and agriculture and rural development, that of 2015 on public administration reform, police reform, border management and civil society.

In the early period, Some PSD/Competitiveness-related support was included in either multi-sector action documents, or action documents addressing other sectors than PSD/Competitiveness (e.g. confidence building measures, or public administration reform). Moldova does have relevant policies and strategies; the National Development Strategy 2008-2011 does not explicitly identify needs, but states a number of priorities, one of which is business environment. This is reiterated by the National Development Strategy "Moldova 2020" that points at the need for reducing financing costs by increasing competition in the financial sector, improving the business climate, promoting competition policies, streamlining the regulatory framework and applying information technologies in public services for businesses and citizens. Other relevant documents are the 2013 "Roadmap for increasing the competitiveness of the Republic of Moldova" and the National Strategy for Regional Development 2010-2012 of February 2010.

EU programming did take into account the needs expressed in national policies and strategies, but the attention for PSD/Competitiveness was limited. It is likely that other sectors were considered of higher priority during the programming years 2010-2015. Regional development issues have been addressed, as has also – in a modest way – the business environment. With the new financial perspective 2014-2020, landslide changes such as in Armenia did not take place, however.

At the regional (multi-beneficiary) level, annual programming in the Eastern Partnership Region during the period 2010-2013 was covered by the revised ENPI Interregional Programme Strategy Paper 2007-2013 and the ENPI East Regional Programme Strategy Paper 2010-2013. As of 2014, the ENI East regional programme is laid down in the Regional East Strategy Paper (2014-2020), while there is also a combined wider regional programme for ENI East and ENI South together, under the strategic heading "European Neighbourhood – wide measures' Priorities 2014-2020".

ENI has two types of programmes: two for ENI EAST and ENI SOUTH separately, and one so-called ENI Interregional Programme (IRP) that covers both regions. In practice, this means that there are national programmes, set up to address predominantly national needs, a regional programme focusing on those activities which, because they involve several Eastern partners and require cooperation amongst them, gain in effectiveness and efficiency when implemented at multi-country level. The rationale for interregional programmes is that they support initiatives which by their nature or size cannot be effectively supported through bi-lateral, regional or thematic programmes. Both strategy documents lack a needs analysis and appear to be mostly based on EU policy priorities. However, these priorities have been discussed with representatives of the beneficiary countries before the strategies were finalised.

At the same time, the evaluators did not manage to confirm the rationale behind the three-level division. While there are good arguments for having regional programmes, it is not immediately clear which need or shortcoming is covered by inter-regional programmes. Or why for reasons of efficiency within the Commission not all interventions are combined in one inter-regional programme. Rather cryptic statements such as *"while the SME funding facility will be an integral part of the SME flagship initiative, it will receive financial support through the inter-regional programme via the Neighbourhood Investment Facility"* do not really contribute to understanding this setup.

Needs expressed at both the Union for the Mediterranean (UfM) and the national levels give particular relevance to job creation and SME development, as key drivers not only for economic development but most crucially also for social development and socio-political stabilisation in the region. In complement to what precedes, promotion of exports, diversification of the economy (particularly in the case of Algeria), improvement of the business climate (particularly through Institutional strengthening and improvement of the overall competitiveness and quality/conformity levels), and promotion of foreign investment, also appear as relevant priorities. Technological development, business sophistication and innovation (through the development of a national innovation system) are also expressed at the Egyptian national level. At the regional level, advancing the digital economy and supporting creative industries in the region are also

cited. Improvements in terms of the Information Society, development of the Tourism sector, enhancing industrial cooperation and the establishment of a Euro-Mediterranean Free Trade Area also constitute issues where needs are expressed, particularly in the regional context.

To a very large extent, EU assistance programming during the period 2010-2015 is aligned with the priority needs as expressed in the relevant regional and national strategy documents:

- At the ENI South regional level, EU programming prioritises e.g. sustainable economic development, investment, regional integration, convergence towards EU' policies, regulations and standards and consolidation of a Euro-Mediterranean free trade area.
- At the Egyptian national level, EU's national strategy recognises the need for a solid technological base in the industrial sector as well as for innovation and quality assurance systems, which is paramount as Egypt wants to become a player in the EU and international markets. Improving business environment, with all the positive consequences including on export/trade, integrate EU's programming for the second half of the period, are priorities. The need to invest more and strengthen R&D&I capacity in Egypt is underlined in Egypt's Industrial Development Strategy (2005-2025), as well as in Egypt's Sustainable Development Strategy – vision 2030.
- At the Algerian national level, EU's national strategy recognises the need for economic diversification, SME development and lower unemployment, as well as for the reinforcement of Algeria's economic resilience and the development of a productive and competitive economy in all sectors (these latter in the 2nd programming period).

It may thus be concluded that, based on the evidence analysed, the topics of intervention are largely in line with those in the countries, the latter being supposedly – but with no clear evidence found by the evaluators – based on needs analyses.

As noted above, the evolution of national and regional priorities in relation to PSD has been gradual and coherent, with most of the priorities chosen at initial programming phase being still relevant. This is observed at both regional and national levels. In general terms, MSMEs funding continues to be an issue in the region; further advancing on e.g. internationalisation and networking with the EU is particularly relevant within a risk mitigation logic, as the socio-economic environment in several countries in the region continues to be unstable and uncertain. The decrease in tourism as a result of security concerns and the resilience of political instability in some of these countries remain major problems. In this context, proceeding in further aligning the SME policy/ies in the ENI South countries with the EU SBA also remains a key priority for both EU cooperation and each country's SME development policy.

TERMS OF REFERENCE – Evaluation on the support to SME competitiveness in enlargement and neighbourhood countries

Contracting Authority: European Commission

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1. CONTEXT/INTRODUCTION

1.1 BACKGROUND

Both the Enlargement and Neighbourhood policies support stronger and more inclusive economic development of partner countries. In this context, an important priority is the support to Small and Medium Sized Enterprises which are important drivers of innovation and job creation. The European Commission runs a number of programmes/projects aimed at promoting a business-friendly environment for SMEs whilst helping SMEs to access credit and Business Development services (BDS), find international partners, access technology, and developing research partners.

This evaluation, mostly with a backward looking perspective, is foreseen in the DG NEAR multi-annual evaluation plan and will feed into the Mid-term review of the Union's instruments for financing external actions planned for 2017⁸.

1.2 OBJECTIVES OF THE INITIATIVE

In the European Union, the Small Business Act for Europe (SBA)⁹ adopted in 2008 put in place an SMEs-focused competitive agenda for the European Union and its Member States based on the principle "Think Small First"¹⁰. EU support for SMEs is also an important feature of the EU development policy. This includes: creating an enabling environment for SMEs, strengthening specific policies (e.g. trade, innovation, access to finance and competitiveness), capacity building of business intermediary organisations, chambers of commerce and business development service providers, and providing support benefitting individual enterprises.

The importance of improving the business environment, promoting a competitive local private sector and providing better and more targeted aid were reiterated in 2011 in the Agenda for Change¹¹.

In 2014, the European Commission published its Communication to Council and Parliament on A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries¹², thus highlighting the importance of the Private Sector in the sustainable development of countries and presenting the EU strategic framework for strengthening the Private Sector role.

IPA I Council regulation¹³ (No 1085/2006) covering the period 2007-2013 indicated as the overall objective "the progressive alignment with standards and policies of the EU, including where appropriate the *acquis communautaire*, with a view to membership." Competitiveness is one of the nine areas for which EC assistance is provided. In order to meet the very broad objectives of the IPA I, Multi-Annual Indicative Financial Frameworks (MIFFs) and Multi-Annual Indicative Planning documents (MIPDs)¹⁴ were elaborated identifying country specific objectives and results.

In the Neighbourhood regions, the EU has supported inclusive economic development, and in particular private sector development, and employment, through SME development, with a focus on both macro, meso and micro level interventions, infrastructure development, support for job training and entrepreneurship through a range of policy initiatives, and financial support. The main relevant funds (from 2007-ongoing) include those from geographical instruments and programmes, i.e. the European Development Fund (EDF)¹⁵, the European Neighbourhood and Partnership Instrument (ENPI)¹⁶, the Development Cooperation Instrument (DCI)¹⁷, though DCI and DCI won't be part of the scope of this evaluation.

The evaluation is foreseen as a retrospective assessment to appreciate to which extent the challenges related to strengthening country competitiveness and enhance SME development have been addressed in the framework of past EU cooperation.

This evaluation will not only help evaluate the impact and outcome of IPA and ENPI funding along the criteria of the Better Regulation guidelines¹⁸ (relevance, efficiency, effectiveness, coherence and EU value added) and two additional OECD-DAC criteria (impact and sustainability). It will also aim at providing guidance on how to improve programming and execution of the upcoming reform programs. It is for this reason that the evaluation will be forward looking in nature, with greatest focus on improving the policy dialogue and enhancing the ability to collect evidence for decision making and enhance the capacity in terms of thematic support, under the responsibility of the centre of thematic expertise dedicated to "economic governance". Practices of Budget support operations related to reforms of the

⁸ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2014:077:0095:0108:EN:PDF>

⁹ http://eacea.ec.europa.eu/tempus/documents/tempus_ipa.pdf

¹⁰ <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52008DC0394&from=EN>

¹¹ https://ec.europa.eu/europeaid/policies/european-development-policy/agenda-change_en

¹² <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX%3A52014DC0263&qid=1400681732387&from=EN>

¹³ http://eacea.ec.europa.eu/tempus/documents/tempus_ipa.pdf

¹⁴ http://ec.europa.eu/enlargement/news_corner/key-documents/index_en.htm?key_document=080126248ca659ce

¹⁵ https://ec.europa.eu/europeaid/funding/funding-instruments-programming/funding-instruments/european-development-fund_en

¹⁶ https://ec.europa.eu/europeaid/funding/european-neighbourhood-and-partnership-instrument-enpi_en

¹⁷ https://ec.europa.eu/europeaid/how/finance/dci_en.htm_en

¹⁸ http://ec.europa.eu/smart-regulation/guidelines/toc_guide_en.htm

business environment and structural reforms in the neighbourhood regions will be explored in order to strengthen the quality of the evaluation findings.

1.3 DESCRIPTION OF THE INITIATIVE/INTERVENTION LOGIC

SME competitiveness and Private sector development (PSD) encompass a multitude of activities and cross over a broad range of economic sectors.

Five key areas of Commission intervention are:

- Support to governments to improve the necessary regulatory framework, and institution building related to PSD;
- Investment and inter-enterprise co-operation promotion activities;
- Facilitation of investment financing and access to financial markets, in general;
- Support for small and medium-sized enterprises (SMEs) in the form of nonfinancial services;
- Support for micro-enterprises.

Key elements include:

- Support for MSMEs;
- Support for private sector representative organisations;
- Fostering partnerships and knowledge/technology transfer between enterprises to improve enterprise competitiveness;
- Improvement of labour skills; increasing investment flows;
- Supporting institutional and regulatory reform and legal/tax frameworks, to enhance the business environment;
- Support for access to finance for enterprises and the fostering of a reliable banking system;
- Aid for restructuring and privatisation of firms.

The enlargement strategy 2013-14 proposed a new approach to help the enlargement countries tackle, among others, the economic fundamentals first and meet the economic criteria. Countries have been asked to strengthen their medium-term economic programmes, by putting more emphasis on the sustainability of their external position and on the main structural obstacles to growth, in line with Europe 2020 Strategy¹⁹. In addition, the countries were invited to enhance economic policy and its governance through the co-ordinated preparation and submission of an Economic Reform Programme (ERP), addressing both the overall macroeconomic policy and the sector reforms to also enhance competitiveness and growth perspectives, which addresses the most relevant issues that are in line with national priorities and jointly agreed recommendations. Moreover, the development of the private sector is linked to a number of policy areas covered by the Western Balkans Investment Framework (WBIF)²⁰, a blending financial instrument established in 2009, including enterprise policy, public administration reform and infrastructure development. In particular the Western Balkans Enterprise Development & Innovation Facility (EDIF) is a new EU-funded initiative aiming at improving access to finance for small and medium-sized enterprises in the Western Balkans, helping to develop the local economy as well as the regional venture capital markets. It promotes policy reforms aimed to improve SME access to credit through dedicated financial vehicles. Approximately €145 million in of initial capital pulled together under this Facility by the EC, IFIs, governments of beneficiary economies and bilateral donors will translate into over €300 million of direct financing available for SMEs in the region. Within the WBIF, only EDIF and the Regional Energy Efficiency Programme for the Western Balkans (REEP) are looking at the longer term sustainability. Both regional facilities have been constructed such that some activities are provided with finance immediately and some activities have a longer term perspective. For example, the EDIF has an expansion fund for high growth Small and Medium-sized Enterprises (SMEs) and an innovation fund for seed capital. Before the EDIF was launched, there was no concept of seed capital. A complementary pillar is looking at the regulatory environment so that seed capital companies could be created and be sustained in the longer term. A similar situation can be recognised in REEP with two financing windows

¹⁹ Europe 2020 Strategy http://ec.europa.eu/europe2020/index_en.htm
²⁰ <https://www.wbif.eu/>

supplemented by one policy window (which looks partially at creating a policy framework for the creation of energy companies).

The EU's objective of developing a special relationship with its neighbouring countries, aiming to establish an area of prosperity and good neighbourliness is enshrined in Article 8 of the Treaty on European Union. The revised European Neighbourhood Policy (ENP), using all policy instruments at the EU's disposal, is the framework within which the EU works together with its partners. Key ENP objectives include increasing inclusive and sustainable development, progressive economic integration in the EU market through various bilateral agreements, notably Deep and Comprehensive Free Trade Areas (DCFTAs). A strong link needs to be ensured between the priorities of the bilateral and regional programmes and those of the Neighbourhood Investment Facility (NIF). The NIF notably promotes smart, sustainable and inclusive growth through support to small and medium sized enterprises, to the social sector, including human capital development, and to municipal infrastructure development.

1.4 IMPLEMENTATION – STATE OF PLAY

Small companies face multiple challenges: they struggle to grow-up, to innovate, to access financial and non-financial services, to integrate in global value chains and, to internationalise their business even with an open and fair trade framework in place. Going international may help increasing SMEs' performance, enhance competitiveness, and reinforce sustainable growth.

The European Commission's priority is to ensure that enterprises can rely on a business-friendly environment and make the most out of the growing markets outside the EU. Indeed, developing and emerging markets are expected to account for 60% of world GDP by 2030 and given increased market integration, SMEs can play an important role in global value chains.

To date, Enlargement countries, and especially the Western Balkan ones, specifically face major structural economic challenges of high unemployment²¹, low foreign direct investment and low levels of competitiveness.

Across both the Eastern and the Southern Neighbourhoods, the economic environment has remained challenging. Economic growth in most partner countries remained weak, as a result not only of the recession period and of high political and security instability, but also of the lack of progress on structural reform, insufficient export diversification and reduced access to finance.

1.5 EVALUATION AND MONITORING PROVISIONS

1.5.1 Monitoring Provisions

IPA I/II and ENPI/ENI projects are subject to the results-oriented monitoring system (ROM). ROM monitoring reports will be used by the evaluators during the Inception and Desk phases and to prepare the field missions.

1.5.2 Previous evaluations and other reports

The evaluation will take into account the following documents:

- Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth²²
- Small Business Act²³ and related implementation assessments for the Western Balkan countries and Turkey, for Eastern Partnership countries as well as for the Southern Mediterranean countries covered by the ENP.
- DG ECFIN (EC) assessments – Economic and Fiscal Programmes/Pre-Accession Economic Programmes.
- World Bank –Regular regional Economic Reports
- Economic Reforms Programmes (for reference "Joint conclusions of the Economic and Financial Dialogue between the EU and the Western Balkans and Turkey"²⁴)

²¹ An average of 21% on average in the Western Balkans according to Enlargement Strategy 2014: COM(2014) 700 Final

²² <http://ec.europa.eu/transparency/regdoc/rep/1/2014/EN/1-2014-263-EN-F1-1.Pdf>

²³ http://ec.europa.eu/growth/smes/business-friendly-environment/small-business-act/index_en.htm

²⁴ <http://data.consilium.europa.eu/doc/document/ST-8603-2015-INIT/en/pdf>

- Progress reports²⁵ for enlargement countries
- Annual ENP packages.
- The policy framework for the European Neighbourhood Instrument
- The policy framework for the Western Balkans Enterprise Development & Innovation Facility (WB EDIF)
- Association Agreements (AAs) and Deep and Comprehensive Free Trade Areas (DCFTAs).
- Strategic evaluation of Private Sector Development interventions
- Private Sector Development capitalisation exercise
- Meta evaluation of budget support
- Third Interim evaluation of IPA assistance
- Evaluation of Trade Related Technical Assistances

2. SPECIFICATIONS OF THE ASSIGNMENT

2.1 BENEFICIARIES AND STAKEHOLDERS

The beneficiaries of this evaluation are the beneficiary countries of IPA and EN(P)I funding and the European Commission DG NEAR.

National stakeholders include (non-exhaustive list)

- National IPA coordinators (NIPAC);
- Financial authorities, Relevant Ministries such as the Ministry of Finance, the Ministry of Economic Development, the Ministry for Innovation and Public Administration; Economic and Finance Committee of the Parliament;
- Central banks, the financial institutions and the National Statistical Offices
- Sector regulators, Competition and State aid authorities.
- Private sector representative institutions and think tanks
- Trade Promotion Agencies

International Stakeholders (non-exhaustive list)

- The European Commission
- The World Bank
- International Finance Corporation (IFC)
- The European Central Bank (ECB)
- The European Investment Bank (EIB)
- The European Bank for Reconstruction and Development (EBRD)
- The Organisation for Economic Co-operation and Development (OECD)
- KfW Development Bank
- The Regional Cooperation Council (RCC)
- Civil Society Organisations (CSOs)
- Regional Cooperation Council
- Accelerate your Cooperation Project in the Mediterranean, ANIMA Investment Network

²⁵ http://ec.europa.eu/enlargement/countries/strategy-and-progress-report/index_en.htm

2.2 GLOBAL OBJECTIVE OF THE EVALUATION

DG NEAR will undertake Ex Post Mixed thematic evaluation on SME competitiveness and its findings and recommendations will feed into the Mid-term review of the Union's instruments for financing external actions (IPA and ENI) to be finalised by December 2017²⁶. Some remarkable practices of budget support on Private Sector Development in the neighbourhood regions will be subject of the evaluation.

The evaluation shall assess:

- The performance of assistance according to the relevance, efficiency, effectiveness, impact, sustainability, coherence and EU value added of IPA and ENPI/ENI programmes that target competitiveness and growth both at the programming and at implementation level, looking at the good/bad practices in terms of the operation (the size of the projects, implementation modality, flexibility) as well as in terms of content (relevance of interventions, correctness of intervention, etc.).
- The relative performance/adequacy of the different aid delivery methods used in addressing the different dimensions of intervention.
- The quality of the monitoring systems in place in terms of the used indicators and official statistics, monitoring mechanisms of results, links with the evaluation function.
- Assess ability of DG NEAR to coordinate its interventions with International Financial Institutions (namely, the European Investment Bank, the European Bank for Reconstruction and Development, the International Finance Corporation, the World Bank, Agence française de développement, etc.), International Organisations (the Organisation for Economic Co-operation and Development and others) as well as local Financial Intermediaries (including commercial banks and non-banking financial institutions). Best practices shall be identified and presented.
- Propose key areas in which future work is required.
- Assess coherence and complementarity between different modalities of intervention, policy dialogue and other policies/measures implemented by the EU or other partners in this area.
- The approaches which work well within projects of SME competitiveness and PSD.
- The set of used aid delivery methods.
- The Internationalization process.

2.3 SCOPE OF THE EVALUATION, SPECIFIC OBJECTIVES

Specific objectives:

1) To provide a judgment on the performance of the efficiency, effectiveness, impact, sustainability, relevance, coherence and EU added value of assistance based on SME competitiveness and Private Sector Development. The judgment for each evaluation criteria should differentiate two levels of sources of evidence and analysis:

- At the programming level
- At the implementing level

2) Based on the relevant findings, conclusions and lessons learned as per the above objectives to provide relevant operational recommendations for:

- The future programming of EU assistance falling under competitiveness and growth/support to Private Sector Development. It can provide good practices which can be recommended for upcoming assistance, and 'weaknesses' as 'negative' programming examples.
- The cooperation with other actors in the field of enterprise development and innovation facility.
- The key policy priorities within SME competitiveness and Private Sector Development sectors.
- Relevant practices on cross-cutting issues, such as environment & climate change and equal opportunities.

²⁶

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2014:077:0095:0108:EN:PDF>

- Areas that do not require the involvement of EU assistance because they are well covered by other donors or require partial assistance to be coordinated with other donors present in the field;
- Improvement of the monitoring and evaluation frameworks, namely with regards to appropriate indicators.
- Strengthened thematic support on economic governance/competitiveness through DG NEAR centres of expertise.

It is important to keep in mind the different policy contexts and EU strategic objectives, policies and tools between Enlargement and Neighbourhood countries, both in the past and presently in place, when carrying out the evaluation. At the same time, despite the differences, it is believed that interesting lessons and best practices can be learned from the different countries/regions/instruments which will provide for useful cross-fertilisation between them.

2.4 REQUESTED SERVICES, EVALUATION QUESTIONS, METHODOLOGY AND QUALITY CONTROL

2.4.1 Requested services

The evaluation shall cover the main beneficiaries of DG NEAR assistance. A sampling methodology should be applied based on a pre-selection of the EUDs in the sample countries. A non-exhaustive list of relevant projects is enclosed in Annex 1 and should be assessed by the evaluators. Based on the received project lists the evaluators should harmonise the approach across the sample countries and propose a final list of sample projects. Key factors that led to project selection include: projects should be from Competitiveness and PSD sectors; there should be both projects preferably with higher budget/complexity and lower quality of implementation. Likewise, projects should preferably be completed. Furthermore, projects which are at different stages in the project cycle can be assessed as well.

Apart from comparing actual results to initial ones, to the possible extent looking at relevant indicators set out at the design stage, the assessment of impact has to provide concrete quantitative indications of the impact brought about by EU assistance. This means that when comparing the impact, it should be taken into account the average costs incurred to achieve that level of impact. The evaluators will provide relevant findings, conclusions and lessons learned as well as operation recommendations improving the programming and performance of IPA II and ENI assistances.

More specifically, it will assess and map the most recent IPA, ENPI interventions in the period 2010-ongoing, as well as Multicountry projects and initiatives, which targeted the overall competitiveness of SMEs in IPA and ENI regions. It will evaluate past and on-going projects/programmes supporting, both directly and indirectly SMEs development, exploring synergies of interventions, looking at dimensions such as business environment, access to finance, access to relevant business development services, integration in global value chains and innovation. It will analyse selected case studies and/or "success stories" of SME investments & strategies which comply with environmental regulations and promote energy efficient technologies and/or aim at increasing the perception and importance of gender dimension, namely on entrepreneurship and R&D.

Little coordination between bilateral programmes and regional programmes and investment facilities may create some confusion among stakeholders concerning the range of instruments available for SME competitiveness and PSD support. This evaluation can come up with useful conclusions on the design and management of EU support to SMEs, especially in the light of an encompassing approach to this sector.

Hence, the outputs of the evaluation will be used to:

- Provide recommendations on DG NEAR's policy approach on issues of innovation and SME competitiveness;
- Contribute to the design of future competitiveness and private sector development programmes in order to strengthen economic integration between EU, IPA and ENI partner countries;
- Provide recommendations on the improvement of the monitoring and evaluation frameworks, namely in regards to the appropriate indicators that should be embedded in the project design and the appropriate project-level data collection mechanisms that would generate the data necessary to populate the indicators;

- Outline corrective measures, if applicable, on the way in which the Instrument for Pre-Accession Assistance (IPA)²⁷ and the European Neighbourhood Instrument (ENI)²⁸ are implemented and monitored.
- Feeding the overall evaluation of IPA II²⁹ and ENI³⁰ in the framework of the Mid Term Review, to be finalised in 2017.

2.4.2 Evaluation questions

As regards the evaluation questions, the evaluation will be based on the criteria endorsed by the OECD-DAC: relevance, efficiency, effectiveness, impact and sustainability, complemented by coherence and value added of EU assistance. The evaluation questions will be further refined during the inception phase.

Question related to relevance, effectiveness, coherence and EU added value concern both periods; efficiency would concern the earlier period and only to the extent possible, also the latter period; while impact and sustainability only relate to the earlier period.

Indicative evaluation questions:

Relevance:

- How relevant is the EU assistance in view of the priority needs of the countries in the regions?
- To what extent is the EU intervention still relevant? To what extent have the (original) objectives proven to be appropriate for the intervention in question?
- How relevant were the different levels of intervention (macro, meso, micro), having regard to the needs?

Effectiveness:

- How did EU assistance contribute to tangible improvements on the business environment and on supported companies? Alternatively how did it help narrow the gap between the beneficiary and the acquis?
- How did the assistance provided respond to the real needs, in terms of quality, timing and duration?
- How effectively had the priorities and needs of the beneficiary been translated into provisions of actual assistance?

Efficiency:

- How well did projects aim at enhancing competitiveness and Private Sector Development work together to reach the EU policy objectives?
- How can programming of support to SMEs projects be enhanced to achieve strategic objectives more effectively and efficiently?
- What was the most efficient approach in the various projects? And why was it better? How was the programming different vis-à-vis the other projects?

Impact:

- To what extent was the assistance to private enterprises or financial intermediary effective in job creation,
- To what extent was the assistance to innovative SMEs effective in achieving the desired results, namely on environmentally better products manufacturing, green technologies, energy-efficient building materials, energy and environment labelling products and services, intelligent heating and cooling systems and eco-friendly products? And what possibly hampered its achievement?

²⁷ http://ec.europa.eu/smart-regulation/roadmaps/docs/2017_near_001_evaluation_ipa2_en.pdf
²⁸ http://ec.europa.eu/smart-regulation/roadmaps/docs/2017_near_002_evaluation_eni_en.pdf
²⁹ http://ec.europa.eu/smart-regulation/roadmaps/docs/2017_near_001_evaluation_ipa2_en.pdf
³⁰ http://ec.europa.eu/smart-regulation/roadmaps/docs/2017_near_002_evaluation_eni_en.pdf

- To which extent will the EU assistance have an overall positive effect on the facilitation of the Enlargement process in the Western Balkans and Turkey and on promotion of smart, sustainable and inclusive growth through support to small and medium sized enterprises?
- Which are the appropriate SMART indicators that should be embedded in the upcoming projects?
- Are both genders equally affected by these projects? If not, why? If so, was this due to a specific element in programming or implementation?

Sustainability:

- To which extent are the outcomes of the EU assistance likely to continue producing effects after the end of EU funding?
- How can the programming of such assistance be enhanced to improve the impact and sustainability of financial assistance?
- To what extent are the beneficiaries with strategic/policy and management responsibility have and still are, demonstrating ownership of the results?
- Is there enough ownership over R&D and innovation activities? If so, how was this managed? If not, why?
- To what extent are the impacts sustainable and what further improvements are needed? What are the factors that hampered the impact and sustainability of the assistance?

Coherence

- To what extent is the EU assistance coherent with other interventions which have similar objectives? To what extent is EU assistance coherent with other action on the field, such as SMEs support in relevant areas of the European programmes, namely the Seventh Framework Programme (7FP)³¹ and the EU's Competitiveness and Innovation Framework Programme (CIP)³²? Is EU assistance coherent?
- To which extent beneficiary and regional programmers were complementary and aligned with the enhancement of the Business Act?
- To what extent has the EU assistance enhanced the coherence and visibility of EU aid, and promoted innovative approaches?

EU-Added Value:

- What is the added value resulting from the EU interventions, compared to what could be achieved by the beneficiary countries at a more national and/or regional level without such interventions?
- Which areas do not require the involvement of EU assistance because they are well covered by other donors or require a partial assistance to be coordinated with other donors present in the field?
- As far as SME access to finance is concerned, what is the added value of the EU financing, compared to funds provided by IFIs and/or national financial institutions?

The evaluation questions may be further refined during the inception phase.

2.4.3 Methodology

The methodology should be based on DG NEAR's Evaluation guide³³; the Commission Better Regulation guidelines concerning conducting an evaluation³⁴, the concept of the theory-based impact evaluations³⁵ and, if appropriate, on specific methods to measure the impact and the effect of interventions.

³¹ https://ec.europa.eu/research/fp7/index_en.cfm

³² <http://ec.europa.eu/cip/>

³³ DG NEAR's Evaluation guide is available at http://ec.europa.eu/enlargement/news_corner/key-documents/index_en.htm

³⁴ Commission's evaluation guidelines are available at:
http://ec.europa.eu/dgs/secretariat_general/evaluation/documents_en.htm

³⁵ http://ec.europa.eu/regional_policy/information/evaluations/guidance_en.cfm#2

The contractor will have a free choice as to the methods used to gather and analyse information and for making the assessment, but must take account of the following:

- The evaluation must be based on recognised evaluation techniques and triangulation methods are required.
- Considerable emphasis should be placed on the analysis phase of the evaluation. In addressing the evaluation questions, quantitative indicators should be sought and used as far as possible. The contractor must support findings and recommendations by explaining the degree to which these are based on opinion, analysis and objectively verifiable evidence. Where opinion is the main source, the degree of consensus and the steps taken to test the opinion should be given.
- Thus, the Contractors are invited to include an outline of their proposed methodology to undertake this assignment as part of their offer, including comments on the scope of the service, on the proposed methodology, the evaluation questions and on the elaboration on judgement criteria to answer the evaluation questions.
- The final evaluation questions and methodology for this assignment will be completed and agreed upon during the inception phase. Advantages, limitations and risks involved in using the proposed tools and techniques should be explained. There should be a clear link between the evaluation questions addressed and the corresponding methodology proposed. The evaluation questions can be further elaborated, e.g. by providing operational sub-questions under each question.
- It is not expected that all individual measures of the initiative/intervention be assessed, but the sample of measures examined should be drawn up in a manner suitable for each evaluation question addressed, and should be such as to enable the evaluators to draw general conclusions on the measures.

The evaluation will be divided into four phases:

1) Inception phase

During the Inception phase, the experts will have to get preliminary contacts, starting analysing the available documents, updating the methodological approach. More specifically, they will:

- Collect and analyse available relevant documentation; Desk Review of the documents which will be subject to evaluation;
- Fine tune the assessment approach and methodology: scope, evaluation questions, judgement criteria and indicators;
- Put forward a consultation strategy, indicating the different tools to be used to approach the different stakeholders (phone/email/face to face discussions; use of interviews, surveys, questionnaires and other tools, etc.)
- Defining the sample of the projects for each country which will be covered in the evaluation (IPA and ENI regions);
- Drafting and submitting of the inception report.

The draft inception report will be sent to key stakeholders (HQ, Delegations and beneficiary country NIPAC/NACs) for comments and discussed in a meeting of the Interservice Steering Group (ISG) with the evaluators, before final endorsement by the contracting authority DG NEAR A3 Unit.

2) Desk Phase

During the desk phase the evaluators shall:

- Complete the collection of relevant documentation;
- Update the level of information by means of interviews, e-mail questionnaires or any other relevant tools with relevant actors (EC officials, Government officials, other stakeholders);
- Analyse the documentation in compliance with the evaluation questions;

- Elaborate preliminary findings, conclusions, according to the scope and the requirements of the ToR (Desk phase report).

A meeting between the ISG and the consultants may take place in Brussels at the end of the desk phase.

3) Field Phase

During the Field phase several beneficiary countries will be visited by the evaluators. The evaluators will meet with the EU and national stakeholders relevant for IPA projects (from 2010-ongoing) and for ENPI (from 2010-ongoing), which (in)directly target Competitiveness and Private Sector Development, and also for Multi-country projects in the two regions.

The field will include, whenever relevant, personal interviews in DG NEAR and in the EU Delegations (IPA and ENI region). Phone interviews can be also conducted with the relevant players in the beneficiary countries, beneficiaries' public administrations, etc. Email questionnaires and other tools may adequately complement the interviews and data collection.

4) Synthesis Phase

A stakeholders' workshop/s will be held towards the end of the field phase before the elaboration of the Draft Final report to discuss the findings and preliminary recommendations; The Draft Final report will be sent for comments to the stakeholders listed above before its finalisation.

This phase is mainly devoted to the preparation of the evaluation report based on the work done during the desk and field phases and taking into consideration the outcomes of the briefing meetings and the consultation with stakeholders.

Recommendations should address the weaknesses identified and reported. Recommendations should be clear, well structured, operational and realistic in the sense of providing clear, feasible and relevant input for decision making. Recommendations should not be general but should address the specific weaknesses identified, and should clearly indicate the measures to be undertaken. Presentation of best practices and success stories stemming from different countries and the use of different modalities/tools to enhance SME competitiveness and Private Sector Development objectives should be highlighted. Recommendations for action will be addressed to the Commission. However, where appropriate, the evaluator should specify the role of any actor other than the Commission, including beneficiary institutions, in implementing the recommendations.

The Draft Final report will be sent for comments to the ISG and to other the stakeholders consulted during the evaluation.

Dissemination seminars/conferences will be held in Brussels/Western Balkans region/ENI regions once the evaluation has been completed.

2.4.4 Quality control

Quality control by the evaluator

The evaluator should ensure an internal quality control during the implementing and reporting phase of the evaluation. The quality control should ensure that the draft reports comply with the above requirements and meet adequate quality standards before sending them to stakeholders for comments. The quality control should ensure consistency and coherence between findings, conclusions and recommendations. It should also ensure that findings reported are duly substantiated and that conclusions are supported by the relevant judgement criteria.

Quality control by the Commission

The launching and the implementation of the evaluation are supported by an advisory Inter-service Steering Group (ISG) that ensures the quality of the evaluation and has the following responsibilities:

- Guide the planning and implementation of the evaluation to comply with the quality standards and pre-determined criteria (it will be consulted on all draft report);
- Assist the evaluation manager (DG NEAR A3 Unit) in the implementation of the activities;
- Provide an assessment of the quality of the work of the consultant, including endorsement of the inception, interim and the final reports;
- Ensure a proper follow-up action plan after completion of the evaluation.

The ISG includes representatives from DG NEAR, Directorates A, B, C and from the Secretariat-General, DG COMP, DG GROW, DG DEVCO and EEAS.

In particular, the ISG will perform a Quality Assessment of the final evaluation report in accordance with the grid presented in an Annex of these TORs. The Quality Assessment by the ISG judges the external contractor's report and its overall process. It is the final "sign off" by the ISG of the contractor's work and includes a judgement on whether key aspects of the work conducted meet the required standards and provides any related comments.

Once this process is completed, DG NEAR Unit A3 will decide on the endorsement of the reports for distribution to stakeholders and later presentation by the evaluator.

2.4.5 Sources of information

The sources of information to be used by the evaluators include:

- EU programming and planning documents – Annual Enlargement strategy papers, Progress reports, Financing Agreements, Country Strategy Papers, Annual and Multiannual Sector programs, the Single Support Frameworks (SSFs), the Multi-annual Indicative Programmes (MIPs) and the Regional cooperation and other-multi country programmes;
- IPA and ENI annual reports, monitoring reports, ROM reports;
- 7FP and CIP reports;
- Organisation for Economic Co-operation and Development OECD³⁶ reports;
- Small and Medium-Sized Enterprises (SME) Policy Index;
- Project fiches of the mentioned projects;
- Monitoring reports and other evaluations;
- Available publications, surveys, reviews and reports from stakeholders;
- Any other source of information the evaluators consider relevant;

All programming and strategic documents can be found on the DG NEAR internet site. The updated project fiches, monitoring reports and other relevant evaluations should be collected from the Commission and beneficiaries.

2.4.6 Risk and assumptions

Risks and assumptions cannot be listed exhaustively. It is assumed that services within both the Commission and the implementing authorities of the beneficiaries accept the evaluation as an integral part of the programme/project cycle management and are committed to provide the necessary information, and will subsequently act on recommendations and findings, as well as provide the follow-up information to the Commission.

The following are additional relevant assumptions for the above evaluations:

- Monitoring data is available on time and provide sufficient and adequate information;
- Access to requested documentation and information on the programmes is ensured by the Commission, national authorities and the project beneficiaries;
- The EU Delegations staff and implementing parties is regularly informed on objectives and methods of this evaluation, in order to ensure their full cooperation.

In the event that one or several of the above assumptions prove to be untrue, the evaluator should immediately inform the Contracting Authority. The evaluators will also report any limitations to the evaluations due to insufficient collaboration from key stakeholders.

2.5 REQUIRED OUTPUTS

2.5.1 General reporting requirements

The outputs of this evaluation are represented by:

- An Inception Report;
- An Interim Report;

³⁶ <http://www.oecd.org/>

- A Final Report, including a synopsis on the consultation process with stakeholders.

The reports shall be presented in the English language. The Executive Summary will be also produced in the French language.

All draft reports will be submitted to the EC project manager in electronic form by e-mail. No hard copies will be required. All electronic versions have to be submitted in format compatible with MS Office software. The EC reserves the right to request the necessary additional revisions of the reports in order to reach an appropriate outcome and quality control requirements.

2.5.2 Inception Report

The Inception report will detail the final methodology, evaluation questions and judgement criteria, sources of information, timetable of the assignment and documents required and a tentative list of contacts to be met. The report must as a minimum provide:

- A summary of the objectives, scope and outputs of the evaluation;
- The population and the sample of the countries to be visited and of the projects to be covered including a description of the methodology used to establish the sample;
- The final evaluation questions, methodological approach, including the judgement criteria to be used and sources of information, samples of the questionnaires, etc.;

It shall not exceed 20 pages, annexes excluded

2.5.3 Interim Report

The Interim report is to be produced towards the end of the field phase, and should as a minimum provide:

- An overview of the status of the evaluation;
- An assessment of the data, whether it meets expectations and will provide a sound basis for responding to the evaluation questions;
- A description of problems encountered and solutions found;
- A conclusion whether any changes are required to the work plan, or any other solutions should be sought in order to ensure that the required results of the evaluation are achieved;
- A proposal for the final structure of the Final Report

It shall not exceed 10 pages, annexes excluded

2.5.4 Document to be used for the stakeholders consultation at the workshop in Brussels

The document to be used for the stakeholders consultation, max 20 pages, should present preliminary findings, conclusions and recommendations, including some open questions to provide structure for the possible inputs and to guide those wanting to contribute. The document needs to cover the evaluation criteria: effectiveness, efficiency, relevance, coherence, impact, sustainability and EU added value.

2.5.5 Final Report

The Final report should address the specific objectives set out above, provide a judgment of the performance of the EU assistance instruments and offer recommendations for policy creation. It should include an overview, an executive summary, main findings, conclusions and recommendations.

The final report should specifically answer each of the evaluation questions and address the defined scope. The content and the format of the final report shall be elaborated and approved in the interim report.

The main part of the report, containing the analysis, the conclusions and the recommendations should be not more than 60 pages. The annexes must collate the technical details of the evaluation, and must include questionnaire templates, interview guides, any additional tables or graphics, and references and sources.

In addition, the Contractor should provide an abstract of no more than 200 words and, as a separate document an executive summary of maximum 6 pages. The purpose of the abstract is to act as a reference tool helping the reader to quickly ascertain the evaluation's subject. An executive summary is

an overview, which shall provide information on the (i) purpose of the assignment, (ii) methodology / procedure / approach, (iii) results / findings and (iv) conclusion and recommendations.

The Final report, the abstract and the executive summary should be provided in English. The executive summary and the abstract should be also provided in French.

The Contracting Authority will publish the Final Report, the Executive Summary, the Abstract, the annexes and the Quality Assessment Grid³⁷ providing assessment of the evaluation final report on the Commission's website.

In view of its publication, the final report by the contractors must be of high editorial quality. In cases where the contractor does not manage to produce a final report of high editorial quality within the timeframe defined by the contract, the contracting authority can decide to have the final report professionally edited at the expense of the contractor (e.g. deduction of these costs from the final payment)." This would be fully in line with Recommendation No. 6 of the Commission's Clear Writing Task Force³⁸.

2.5.6 Progress Reports

The Contractor will deliver Progress Reports at invoice intervals (in 3 hard copies and electronic version). They should bear record about the assignment. It should describe in a concise and structured way how the above described "required services" are being fulfilled (max 8 pages). In annex, it will include additional details as necessary.

The Contractor will report particularly on difficulties encountered and mitigation measures taken or suggestions to changes required to the work plan to ensure that the required results of the evaluation are achieved. The ISG might call for a meeting if the Progress Report raises concerns about progress of the works.

3. EXPERT PROFILE

3.1 PROFILE AND EXPERTISE REQUIRED

The Consultant shall provide an appropriate team of experts to complete the requested evaluation. The contract will entail a global price.

The contract requires the following categories of expertise:

Senior Expert (Team leader):

- University degree, preferably in social sciences or seven years of equivalent professional experience
- Minimum of 10 years post-degree relevant professional experience in evaluation, project management, performance audit, monitoring or academic research, including at least 5 years on evaluation;
- Advanced knowledge and experience in the development field.

Senior Expert 2

- University degree, preferably in Engineering or Economics or seven years of equivalent professional experience;
- Minimum of 8 years of post-degree relevant professional experience on private sector development issues;

Three Junior Experts:

- Minimum of 3 years post-degree relevant professional experience in evaluation, project cycle management, performance audit, monitoring or academic research.
- Strong knowledge of data processing in statistics for at least one of them is a requirement

³⁷

Annex II of these TORs

³⁸

See page 4 of report available

http://www.cc.cec/dgintranet/europeaid/resources/infrastructures/translation/documents/clear_writing_report_en.pdf

The minimum requirement for the team as a whole are:

- Excellent oral and writing skills in English (all experts);
- Experience with Budget Support;
- Previous experience in the context of project evaluation and study in SME competitiveness and Private Sector Development;
- Knowledge of the Enlargement and Neighbourhood environment;
- One expert has to have working knowledge of French language;
- Two experts should have command of the Serbian and/or Croatian and/or Bosnian and/or Turkish and/or Albanian language(s).

The following would be considered as assets:

- Knowledge of languages spoken in Neighbourhood and Enlargement regions;

CVs must be attached to the tender bid for all experts. The technical proposal should include a table showing how the proposed key experts, both as a whole and for each individual expert, meet the above requirements.

| | Team leader | Senior Expert | Junior Expert | Junior Expert | Junior Expert |
|-----|------------------------|---------------|---------------|---------------|---------------|
| | Mandatory requirements | | | | |
| N+1 | | | | | |
| N+2 | | | | | |
| | Assets/advantages | | | | |
| N+1 | | | | | |
| N+2 | | | | | |

The technical proposals which do not meet the minimum requirements for the experts will be rejected.

The Contractor shall ensure that experts are adequately supported and equipped. In particular, sufficient administrative, secretarial and interpreting resources, as well as junior experts, must be available to enable senior experts to concentrate on their core evaluation tasks.

3.2 NUMBER OF REQUESTED EXPERTS PER CATEGORY AND NUMBER OF MAN-DAYS PER EXPERT

Five experts are requested for this assignment.

The experts will be expected to be available for the whole duration of the assignment. It is expected that the assignment will require 200 working days.

| Expert | Working days | ENI | IPA |
|--------------------|--------------|-----|-----|
| Team leader | 60 | 15 | 45 |
| Senior expert | 50 | 12 | 38 |
| Junior expert n. 1 | 30+30+30 | 8 | 22 |
| Junior expert n. 2 | | 8 | 22 |
| Junior expert n. 3 | | 8 | 22 |

3.3 WORKING LANGUAGE

The main working language of the assignment is English. At least one of the team members has to have working knowledge of French.

3.4 CONFLICT OF INTEREST

The contractor is responsible for carrying out an independent evaluation. Evaluators must be strictly neutral. Conflicts of interests must be avoided. The experts carrying out the evaluation shall have no involvement with the projects subject of this exercise. More specifically, the experts must fulfil the following criterion:

- No previous involvement in programming and/or implementation of EU assistance which will be evaluated as part of this evaluation;

The offers including one or more experts not meeting the above independence criteria will be rejected. The Contracting Authority requests the signed objectivity confidentiality and conflict of interest declaration to be submitted before the evaluation is launched.

4. ORGANISATION, TIMETABLE AND BUDGET

4.1 ORGANISATION

The contract will be managed by Unit A3 of the European Commission Directorate-General for Neighbourhood and Enlargement Negotiations.

It is important to note that the present assignment will be funded from two sources – IPA and ENI. Due to this, two separate Requests for services have to be launched, involving the same companies. Nevertheless, at the end of the tendering process, only one contract will be issued, covering both IPA and ENI sources. Please note that this separation between IPA and ENI sources of funding should be respected in all financial and contractual reporting, as per the requirements in point 3.2 and point 6.1 of these Terms of Reference.

A Steering Group will be involved in the management of the evaluation. The responsibilities of the Steering Group will include:

- establishment of the Evaluation Roadmap;
- establishment of the Terms of Reference;
- providing the external evaluator with access to information;
- supporting and monitoring the work of the external evaluator;
- assessing the quality of the reports submitted by the external evaluator, while ensuring that the Contractor's independence is not compromised.

4.2 MEETINGS

It is expected that the contractor participate in 5 meetings in Brussels with the ISG. For these meetings, **minutes should be drafted by the contractor**, to be agreed among the participants. In addition to these meetings a workshop may be organised at the end of the field phase and possibly a dissemination event at the end of the evaluation, both in Brussels.

4.3 TIMETABLE AND PLANNING

The indicative starting date is **January 2016**. The contract will start after both parties have signed it. The period of execution of the contract is **13 months**. The expected duration of the assignment is 13 months. The Assignment should be finalised by **January 2017**

The following outline work plan and indicative timetable are envisaged. This indicative planning will be confirmed in the Inception Report. The revised planning to be presented and agreed in the Inception report should indicate which countries, EU Delegations and NIPAC/NACs will be visited during field work.

| Phase/Activity | Month |
|---|----------------------------|
| Kick off meeting in Brussels | January 2016 |
| Inception phase | |
| - Draft Inception report- meeting with ISG | Mid-February 2016 |
| - Final Inception report | Mid-March 2016 |
| Desk Phase | Mid-March – End April 2016 |
| - Possible ISG meeting at end of Desk phase | End April |
| Field Phase | May-July 2016 |
| - Interim report/Document for the stakeholders consultation at the workshop | Mid-June 2016 |
| - Workshop in Brussels on preliminary findings and conclusions | July 2016 |
| Synthesis phase | September-December 2016 |
| - Synopsis of the consultation with stakeholders | |
| - Draft Final Report | Mid-September 2016 |
| - Final report including required translations | End October 2016 |
| - Quality Assessment by ISG on the Final Report | End November 2016 |
| | December 2016 |
| Dissemination event of the Final Report in Brussels | January 2017 |

4.4 LOCATION OF ASSIGNMENT

The desk research will be performed at the Consultant's office. The field research will take place mainly in Brussels, IFI's Headquarters, IPA beneficiary countries and selected ENI partner countries to be agreed during the inception phase. No travel expenses will be reimbursed in relation to desk work. Meetings in Brussels will take place at the beginning and end of the desk phase, with the presence of the team leader (other experts as appropriate).

4.5 BUDGET

The estimated maximum budget for the evaluation of the action, covering all the results to be achieved by the contractor as listed above, is **EUR 229.000** split by instrument, namely IPA Fund (EUR 172.000) and ENI Fund (EUR 57.000). The offer and the invoices should show costs broken down by instrument.

The contractor should submit one technical offer, covering both IPA and ENI. As for the financial offer, the contractor is requested to prepare a global financial offer, divided between IPA and ENI, clearly indicating what is funded by ENI and IPA sources in accordance with point 3.2 and point 6.1 of these Terms of Reference.

Separate invoices should be issued for the costs incurred under ENI and IPA budget sources in accordance with point 3.2 and point 6.1 of these Terms of Reference.

The modality of the payment shall be global price.

5. REPORTING

All the reports and expected outputs shall be produced in excellent English, using the appropriate style and structuring the text in a clear and concise way. All draft reports will be submitted to DG NEAR A3 evaluation project manager (the contracting Authority) in electronic form by e-mail and in a format compatible with MS Office software. The EC reserves the right to request the necessary additional revisions of the reports in order to reach an appropriate outcome and quality control requirements.

The **draft Inception Report** has to be submitted no later than 5 weeks from the Kick off meeting in Brussels. Feedback will be provided by the ISG in maximum 2 weeks and the revised version of the report should be submitted in 1 week by the Contractor to DG NEAR A3 for final approval.

The **draft Final Evaluation Report** will be submitted 4 weeks after the reception and consolidation of the responses to the Stakeholders workshop in Brussels by the contractor. The ISG and stakeholders will have maximum 3 weeks to provide feedback to the Contractor. The revision of the report and resubmission to DG NEAR A3 should be done in no longer than 1 week. The revised document must take into account the feedback from the ISG on the draft Final Report, insofar as these do not interfere with the autonomy of the Contractor in respect of the conclusions they have reached and the recommendations made. Upon approval of the report by the Contracting Authority (DG NEAR Unit A3), 3 hard copies of the final report will be delivered to the EC. The Final evaluation report should be usable for publication.

6. ADMINISTRATIVE INFORMATION

The contract will be based on **global price**.

6.1 Items to foresee under 'Reimbursable'

Travel and per diem costs may be included in the reimbursable costs if justified by the methodology (which will be finalised in the inception phase). The number of working days for each expert in different locations will also be based on the methodology. For the purpose of making an offer, the following travel information/translation cost should be taken into consideration:

- International travel to EU max. 15 return trips;
- International travel to IPA Region, max. 30 return trips;
- International travel to ENI Region, max. 10 return trips;
- Inter-city travel (IPA and ENI regions), max 20 trips;
- Per diems in Belgium, max. 14 per diems in case the experts are based outside of Belgium;
- Per diems in UK, Germany and France, max 7;
- Per diems in IPA Region max. 95 per diems
- Per diems in ENI Region max. 25 per diems
- Translation costs for the abstract of no more than 200 words and an executive summary of max 6 pages in French.

| Item | IPA funded | ENI funded |
|---|--------------|------------|
| International travels to Brussels (in case experts are based outside of Belgium): max 12 return trips | 11 | 1 |
| International travels to UK, Germany and France: max 3 return trips | 2 | 1 |
| International Travel to IPA and ENI countries, max 40 return trips | 30 | 10 |
| Inter-city travel within the IPA and ENI regions: max 20 | 18 | 2 |
| Per diems in Belgium: max 14 (in case the experts are based outside of Belgium) | 12 | 2 |
| Per diems in UK, Germany and France: max 6 | 5 | 2 |
| Per diems in IPA and ENI countries, max 120 | 95 | 25 |
| Translation costs for the abstract of no more than 200 words and the executive summary of max 6 | 10.000 words | |

| | | |
|-----------------|--|--|
| pages in French | | |
|-----------------|--|--|

In the event that the totals for a particular line in the budget will/could be impacted as a result of any circumstances not foreseen in these terms of reference (inter alia implementing modalities agreed with the EC task manager), the contractor must alert the EC task manager. In any case, should any modification be required to the budget agreed at contract signature, these will have to be properly justified and will be subject to the ex-ante written approval in line with the general conditions (Art.20).

IMPORTANT REMARKS:

During all contacts with stakeholders, the consultant will clearly identify him/herself as independent consultant and not as official representative of the European Commission.

All reports shall clearly indicate the number of the contract on the front page and on each of the pages and carry the following disclaimer: *"This report has been prepared with the financial assistance of the European Commission. The information and views set out in this [report] are those of the author(s) and do not necessarily reflect the official opinion of the Commission. The Commission does not guarantee the accuracy of the data included in this study. Neither the Commission nor any person acting on the Commission's behalf may be held responsible for the use which may be made of the information contained therein"*. The report shall apply EC Visual Identity.

In accordance with Article 14 of the General Conditions of the Contract, whereby the Contracting Authority acquires ownership of all results as part of the current assignment, these results may be used for any of the following purposes:

- (a) use for its own purposes: made available to the staff of the contracting authority, to the persons and entities working for the contracting authority or cooperating with it, including contractors, subcontractors whether legal or natural persons, Union institutions, agencies and bodies, Member States' institutions, installing, uploading, processing, arranging, compiling, combining, retrieving, copying, reproducing in whole or in part and in unlimited number of copies,
- (b) distribution to the public: publishing in hard copies, publishing in electronic or digital format, publishing on the internet as a downloadable/non-downloadable file, broadcasting by any kind of technique of transmission, public presentation or display, communication through press information services, inclusion in widely accessible databases or indexes, otherwise in any form and by any method;
- (c) modifications by the contracting authority or by a third party in the name of the contracting authority: shortening, summarizing, modifying of the content, making technical changes to the content necessary correction of technical errors, adding new parts, providing third parties with additional information concerning the result with a view of making modifications, addition of new elements, paragraphs titles, leads, bolds, legend, table of content, summary, graphics, subtitles, sound, etc., preparation slide-show, public presentation etc., extracting a part or dividing into parts, use of a concept or preparation of a derivative work, digitisation or converting the format for storage or usage purposes, modifying dimensions, translating, inserting subtitles, dubbing in different language versions:
- (d) rights to authorise, license, or sub-license in case of licensed pre-existing rights the modes of exploitation set out in any of the points (a) to (c) to third parties.

Where the contracting authority becomes aware that the scope of modifications exceeds that envisaged in the contract or order form, the contracting authority shall consult the contractor. Where necessary, the contractor shall in turn seek the agreement of any creator or other right holder. The contractor shall reply to the contracting authority within one month and shall provide its agreement, including any suggestions of modifications, free of charge. The creator may refuse the intended modification only when it may harm his honour, reputation or distort integrity of the work. All pre-existing rights shall be licensed to the Contracting Authority. The contractor shall provide to the contracting authority a list of pre-existing rights and third parties' rights including its personnel, creators or other right holders.

The evaluation questions and methodology for this assignment may need to be further elaborated by the evaluator in the inception report. The contractor may suggest additional sub questions and should indicate success criteria, relevant indicators and the sources for the indicators/methodology for gathering necessary evidence. The sub questions break down the overall questions into more manageable issues, and allow for a structured and logical response to the higher level questions

Attention is drawn to the fact that the European Commission reserves the right to have the reports redrafted as many times as necessary, and that financial penalties will be applied if deadlines indicated for the submission of reports (drafts and final, in hard and electronic copy) are not strictly adhered to.

In addition, the contract can be discontinued whenever the quality of the deliverables is insufficient in light of these terms of reference and the quality assessment criteria presented in Annex II, and when the contractors have not taken the necessary steps to remedy the insufficiencies.

Annex II - CHECKLIST – Quality Assessment for (Draft) Final Evaluation Reports

| Quality Assessment for Evaluation XXXXXXXX [Draft] Final Report | |
|---|----------------|
| DG/Unit | [DG/Unit] |
| Official(s) managing the evaluation: | [Name(s)] |
| Evaluator: | [Company/name] |
| Assessment carried out by ^(*) : | |
| Steering group | [] |
| Evaluation Function | [] |
| Other (please specify) | [] |
| (*) Multiple crosses possible | |
| Date of assessment | [DD/MM/YYYY] |

| Objective of the assessment | Aspects to be assessed | Fulfilled? Y, N, N/A | Comments |
|-------------------------------|--|----------------------|----------|
| 1. Scope of evaluation | Confirm with the Terms of Reference and the work plan that the contractor | | |
| | a. Has addressed the evaluation issues and specific questions | [] | |
| | b. Has undertaken the tasks described in the work plan | [] | |
| | c. Has covered the requested scope for time period, geographical areas, target groups, aspects of the intervention, etc. | [] | |
| 2. Overall contents of report | Check that the report includes: | | |
| | a. Executive Summary according to an agreed format, in the three languages | [] | |
| | b. Main report with required components | [] | |
| | <ul style="list-style-type: none"> Title and Content Page A description of the policy being evaluated, its context, the purpose of the evaluation, contextual limitations, methodology, etc. Findings, conclusions, and judgments for all evaluation issues and specific questions The required outputs and deliverables Recommendations as appropriate | | |
| | c. All required annexes | [] | |
| 3. Data collection | Check that data is accurate and complete | | |
| | a. Data is accurate | [] | |
| | <ul style="list-style-type: none"> Data is free from factual and logical errors The report is consistent, i.e. no contradictions Calculations are correct | | |
| | b. Data is complete | [] | |

| Objective of the assessment | Aspects to be assessed | Fulfilled? Y, N, N/A | Comments |
|----------------------------------|---|--------------------------|----------|
| | <ul style="list-style-type: none"> Relevant literature and previous studies have been sufficiently reviewed Existing monitoring data has been appropriately used Limitations to the data retrieved are pointed out and explained. Correcting measures have been taken to address any problems encountered in the process of data gathering | | |
| 4. Analysis and judgments | Check that analysis is sound and relevant | | |
| | a. Analytical framework is sound | <input type="checkbox"/> | |
| | <ul style="list-style-type: none"> The methodology used for each area of analysis is clearly explained, and has been applied consistently and as planned Judgements are based on transparent criteria The analysis relies on two or more independent lines of evidence Inputs from different stakeholders are used in a balanced way Findings are reliable enough to be replicable | | |
| | b. Conclusions are sound | <input type="checkbox"/> | |
| | <ul style="list-style-type: none"> Conclusions are properly addressing the evaluation questions and are coherently and logically substantiated There are no relevant conclusions missing according to the evidence presented Findings corroborate existing knowledge; differences or contradictions with existing knowledge are explained Critical issues are presented in a fair and balanced manner Limitations on validity of the conclusions are pointed out | | |
| | | | |
| 5. Usefulness of recommendations | a. Recommendations are useful | <input type="checkbox"/> | |
| | <ul style="list-style-type: none"> Recommendations flow logically from the conclusions, are practical, realistic, and addressed to the relevant Commission Service(s) or other stakeholders | | |
| | b. Recommendations are complete | <input type="checkbox"/> | |
| | <ul style="list-style-type: none"> Recommendations cover all relevant main conclusions | | |
| 6. Clarity of the report | a. Report is easy to read | <input type="checkbox"/> | |
| | <ul style="list-style-type: none"> Written style and presentation is adapted for the various relevant target readers The quality of language is sufficient for publishing Specific terminology is clearly defined Tables, graphs, and similar presentation tools are used to facilitate understanding; they are well commented with narrative text | | |
| | b. Report is logical and focused | <input type="checkbox"/> | |
| | | | |

| Objective of the assessment | Aspects to be assessed | Fulfilled? Y, N, N/A | Comments |
|-----------------------------|---|----------------------|----------|
| | <ul style="list-style-type: none"> ▪ The structure of the report is logical and consistent, information is not unjustifiably duplicated, and it is easy to get an overview of the report and its key results. ▪ The report provides a proper focus on main issues and key messages are summarised and highlighted ▪ The length of the report (excluded appendices) is proportionate (good balance of descriptive and analytical information) ▪ Detailed information and technical analysis are left for the appendix; thus information overload is avoided in the main report | | |

| Overall conclusion | | |
|--|-----|--|
| The report could be approved in its current state, as it overall complies with the contractual conditions and relevant professional evaluation standards | [] | |

Annex 12 List of persons and organisations consulted

| Name | Institution | Position |
|-------------------------------|---|-------------------------------------|
| Algeria | | |
| Manuela Navarro | EUD | Deputy Head of Section "Operations" |
| Ze Alves-Pereira | EUD | Attaché Économie & Finances |
| Amar Aouidef | EUD | Retired |
| Noureddine Boudissa | ALGERAC – Algerian Accreditation Body | Directeur Général |
| Abdelakared Farid Makhloufi | ALGERAC – Algerian Accreditation Body | Assistant du Directeur General |
| Wafa Boulesnane | ALGERAC – Algerian Accreditation Body | Chef de Departement Laboratoires |
| Abdelouaheb Toubal | ALGERAC – Algerian Accreditation Body | Chef de Departement Certification |
| Ali Hamani | APAB - L'Association des Producteurs Algériens de Boissons | President |
| Meriem Bellil-Medjoubi | APAB - L'Association des Producteurs Algériens de Boissons | Executive Director |
| Abdelghani MEBAREK | Ministère de l'Industrie - DG PME | General Director |
| Abdelkader Ould Slimane | Ministère de l'Industrie - DG PME | Director |
| Hassiba Ouagueni-Mokhtari | Ministère de l'Industrie - DG PME | Counseling Expert SMEs |
| Abdelaziz Habili | ALGEX | Director |
| Rachid Aoussat | ALGEX | Deputy Director |
| Djilali Lebibat | P3A – Programme for the implementation of the Association Agreement | National Director |
| Armenia | | |
| Aghabekyan, Tigran | EBRD, SME Finance and Development Group | Principal manager |
| Aramyan, Argam | State Chancellery, Foreign Aid Division, national coordination unit | ?? |
| Avagyan, Hakob | SME cooperation association | President |
| Chilingaryan, Varduhi | EBRD, SME Finance and Development Group | Analyst |
| Ciechanowski, Ludovic | EUD, Trade and Private Sector Development | Sector manager |
| Davtyan, Mariam | EIF – Enterprise Incubator Foundation | PPP project manager |
| Gevorgyan, Karen | SMEDC | Director |
| Näher, Eva Maria | GiZ; Support for SME development Armenia | Team Leader |
| Sarumova, Diana | EBA-European Business Association | Executive director |
| Simonyan, ?? | UNIDO | ?? |
| Yengibaryan, Bagrat | EIF – Enterprise Incubator Foundation | Director |
| Xxx, Marko | EUD, Cooperation sector | ?? |
| Bosnia and Herzegovina | | |
| Alagić, Ismar | Co-Bear (grantee) | Project manager |
| Bejić, Jozo | Federal Ministry of development, entrepreneurship and craft | Secretary |
| Buljan, Višnja | Federal Ministry of development, entrepreneurship and craft | Expert adviser |
| Čerić, Tarik | Department for EU Integration | ?? |
| Džiho, Sead | Federal Ministry of development, entrepreneurship and craft | Expert adviser |
| Fratita, Carmen | Sofreco (EUTPA project) | Team Leader |
| Grković, Vesna | EUD | Programme manager |

| Name | Institution | Position |
|-------------------------|---|--|
| Hasović, Zihinja | EBRD SME Finance and Development Group | Principal manager, advise for small business |
| Latinčić, Milka | RS Ministry of industry, energy and mining | Head of department |
| Merdžo, Josip | Institute for Intellectual Property | Director |
| Pašalić, Zenad | Zenička razvojna agencija (grantee) | Project manager |
| Rosić, Rade | RS Ministry of Economic Relations and Regional Cooperation, dept. for EU integration | Senior associate |
| Sarac, Jovan | Institute for Intellectual Property | Deputy director |
| Schroeder, Ulrich | Sofreco (EUTPA project) | Senior legal expert |
| Spaić, Sanja | EUD | Programme manager |
| Nebojša Zečević | Department for EU Integration | ?? |
| Egypt | | |
| TORPPA Riikka | EUD | Programme Manager, Private Sector Development and Trade |
| Kareem ABDEL MONEM | EUD | Programme Manager – Economic Cooperation Section |
| Shereen El Sabagh | Ministry of Trade and Industry | Head of the Strategy and Policy Unit |
| Hossam Shaaban | Ministry of Trade and Industry - TDMEP | Programme Director (also in FG) |
| Hossam ElCheikh | Ministry of Trade and Industry - TDMEP | TDMEP Advisor |
| George Myrogiannis | Ministry of Trade and Industry - TDMEP | Team Leader – TDMEP-T |
| Steven Lee | Ministry of Trade and Industry - TDMEP | Team Leader – TDMEP-I |
| Amr Taha | Industrial Modernisation Centre (IMC) | National Coordinator and focal point for the Euro-Mediterranean Charter for Enterprise |
| Jacinto Fabiosa | USAID | Team Leader, Trade and Investment Team Office of Economic Growth |
| Dr. Alaa Ezz | Confederation of Egyptian European Business Associations | Secretary General |
| Zeinab El Sadr | Ministry of Scientific Research | FP7 National Coordinator NCP and INCO NCP, Executive Director for the RDI Programme |
| Ehab Abdel-Rahman, PhD | American University of Cairo (AUC) | Vice Provost |
| Sebastian Lesch | Embassy of the FRG, Cairo | Counsellor |
| Markus Donath | GIZ | Programme Coordinator |
| Walid Adbel-Rehi | KfW | Deputy Director |
| Rana Yacoub | KfW | Project Officer |
| Reem El Saady | EBRD Cairo | National Programme Manager |
| Chantal Sabbagh | EBRD Cairo | Analyst |
| Osman Basmah | FEI – Federation of Egyptian Industries | Senior Advisor (only in FG) |
| Mamdouh Abdelbary | GOEIC - General Organization for Export and Import Control | General Manager (only in FG) |
| Dalya Mokhtar | Ministry of Trade and Industry - TAS (Trade Agreement Sector) | Senior Economist (only in FG) |
| Mostafa Abdelhafez | Ministry of Trade and Industry - TAS (Trade Agreement Sector) | Trade Researcher (only in FG) |
| Moldova | | |
| Amihalachioae, Cornelia | e-government center | Performance and social innovation officer/M&E coordinator |
| Arpintin, Veronica | EBRD, SME finance and development group | Principal manager, advice for small business |
| Badanova, Olga | Ministry of Economy, general department of business environment development and investments | Deputy director and head of division investment policy and competitiveness |
| Croitoru, Valentin | | ?? |

| Name | Institution | Position |
|-------------------------------|--|---|
| Darie, Andrei | EUD | Programme manager, support to confidence building measures programme |
| Dragutan, Victor | UNDP | Programme analyst inclusive growth cluster |
| Gluscenco, Oxana | ?? | ?? |
| Gurgurov, Petru | ODIMM | Legal and general adviser |
| Labanji, Iulia | ODIMM | General director |
| Manoil, Vlad | e-government center | Senior e-services manager |
| Milcova, Inna | Ministry of Economy, division of investment policy and competitiveness | Principal consultant |
| Murahovschi | EBRD, SME finance and development group | Project specialist |
| Popa, Alexandra | State Chancellery | Head of division policy coordination and strategic planning |
| Santens, Philip | TA for the implementation of DCFTA | Team Leader |
| Sili, Eugenia | ODIMM | Adviser on economic issues |
| Turcanu, Iurie | e-government center | Executive director; Advisor to the Prime Minister; Chief information officer |
| Vitez, Renata | EU high level advisers' mission | EU high-level adviser on economy and trade |
| Serbia | | |
| Atanašković, Dane | Innovation Fund | Senior associate |
| Budimir, Branko | SEIO | Deputy Director |
| Despotović, Vera | Ministry of trade, tourism and telecom | Senior Advisor for Coordination and Improvement Intersectional and Regional Cooperation in the field of Market Surveillance |
| Jovanović, Vladimir | RAS- development agency of Serbia | Senior advisor project management department |
| Obradović-Jovanović, Katarina | Ministry of Economy | Assistant Minister |
| Popović, Biljana | EUD | Programme manager |
| Popović, Stefan | Innovation Fund | Program manager |
| Rakonjac, Ivan | Innovation Fund | Interim managing director |
| Suvakov, Dejan | EUD | Programme manager |
| Totić, Branka | Intellectual property office | Counsellor |
| Žegarac, Ana | RAS- development agency of Serbia | Senior advisor project management department |
| Others | | |
| Baggioli, Andrea | DG NEAR A3 | ?? |
| Barnard, Andrew | EEAS MENA 6 | ?? |
| Borzillo, Gianpiero | DG NEAR C1 | International aid/cooperation officer Neighbourhood East |
| Caperman, Bo | DG NEAR D5 | Programme manager |
| Capurso, Fulvio | DG NEAR A3 | Programme manager EU policies, Thematic support, Monitoring and evaluation |
| Casillas Vacher, Christophe | DG NEAR C3 | ?? |
| Cheri, Rossana | DG NEAR A5 | ?? |
| Como, Odoardo | DG NEAR A3 | ?? |
| Crescimbeni, Silvia | DG NEAR B1 | ?? |
| Crnjanski, Dragan | B & S consultants | Team Leader |
| De Smedt, Patrick | DG GROW H2 - Enterprise Europe Network | Deputy head of unit |
| Đurica, Dragana | RCC – Regional Cooperation Council | Senior expert on competitiveness |
| Hauf, Michaela | DG GROW A4 | Policy officer Eastern Partnership |

| Name | Institution | Position |
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| Johansson, Dag | DG Competition A5 | Policy coordinator International relations |
| Lindstrom, Mattias | DEVCO C | ?? |
| Lopez Hernandez, Isabel | DG GROW A4 | Assistant policy officer Eastern Partnership |
| Negut, Gabriele | DG NEAR A3 | ?? |
| Nemeth, Istvan | DG GROW H2 - Enterprise Europe Network | Policy officer |
| Nino Page, Fernando | DG NEAR B2 | ?? |
| Pellier, Isabelle | DG NEAR C2 | ?? |
| Przyludzka, Dorota | DG GROW H2 - Enterprise Europe Network | ?? |
| Rojanski, Vladimir | DG NEAR B2 | ?? |
| Rive, Charlotte | SG – C4 | ?? |
| Santuccione, Lucia | DG NEAR C3 | ?? |
| Schwaiger, Ingrid | DG NEAR B2 | Deputy Head of Unit |
| Srbová, Klara | DG NEAR C2 | ?? |
| Turdiu, Gazmend | RCC – Regional Cooperation Council | Deputy secretary general |
| Vossou, Eleni | DG NEAR | ?? |
| Vrethem, Karolina | DG NEAR A3 | ?? |
| Vuori, Lea | DG NEAR C1 | International aid/cooperation officer |
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8.8.2 Sample project documents

Algeria

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| Project « Centre d'expertise appui institutionnel » - Signed contract and annexes I to VII |
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| Brochure appui au pme |
| Brochure appui institutionnel |
| Brochure appui qualité |
| CAP-PME cadre logique présentation |
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| Plaquette institutionnelle |
| Rapport de monitoring MR-PME II (1) |
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Armenia

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| Call for proposal package (continuation of previous action under previous decision, activities are |

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| ToR and guideline for assessors (continuation of previous action under previous decision, activities are under various decision) |
| Implementation Report on Component 1; A survey sample and Report on activities and tasks for a given period |
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| Guidelines for applicants |
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Bosnia and Herzegovina

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Egypt

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| Inception Report, December 2015 |
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| ENPI 20xx -Research, Development and Innovation Programme phase II |
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| Monitoring Report 18/12/2012, 2012 |
| ENPI 20xx - Promoting Inclusive Economic Growth in Egypt |
| Action Document (AAP 2015), 2015 |

Moldova

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| Action Fiche 2010 - Economic Stimulation in Rural Areas |
| Action Document 2014 - Support to Agriculture and Rural Development |
| Final report TA to Sector Budget Support Programme ESRA |
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| Second Progress Report March-November 2013 |
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Serbia

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