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Date: 10. Dec. 2001

Follow-up Memorandum

Evaluation of the Danida Private Sector Development Programme

In case the implementation of the below mentioned decisions deviate from appropriation documents, the Board of Danida and/or the Parliamentary Finance Committee must be informed.

The recommendations below are shown in their short version as presented in the Executive Summary of the report. Chapter 5 in the report gives details concerning the recommendations.

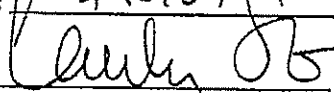
RECOMMENDATIONS	FOLLOW-UP
<p>1. Re-design the programme:</p> <p>a). Programme to become spear-head for Danish private sector support in countries where the Programme is well established. Though the Programme shall not in itself address all constraints, it shall ensure that the Danish support provided in these countries is within a comprehensive private sector support framework.</p> <p>b) Country strategies to be developed for each of these countries as a means to designing the Danish support in relation to potentials and constraints for private sector development and in coordination with other donor support.</p>	<p>1. a)-b)</p> <p>The programme of action for Danish support to business sector development in developing countries stipulates that this support will be integrated in the revision of existing country strategies and in the formulation of sector programme support. There is no need for specific PSD strategies. The PSD programme will not be given a spear-head or coordinating role but will maintain its focus on the business-to-business concept.</p>

<p>2. Re-consider objectives and strategy:</p> <ul style="list-style-type: none"> a) Objectives reformulated, to include private sector development and overall development objectives and to ensure that the Programme has a clear development profile. b) Strategy formulated to reflect the new design. The "from below" and business-to-business approach shall be maintained, but in a broader private sector development perspective. 	<p>2.</p> <ul style="list-style-type: none"> a) The present objective of the programme to contribute to the social and economic development of the recipient countries by supporting long lasting and mutually binding business collaborations between Danish companies and companies in the recipient countries will be maintained. b) Support towards the establishment of business-to-business co-operations will continue to be demand-driven and rest on an assessment of the commercial viability of the cooperations. The PSD strategy will be to ensure the development perspective through a careful selection of qualified cooperations.
<p>3. Re-introduce enabling environment support:</p> <ul style="list-style-type: none"> a) Private sector institutions supported to enable them to assist local private businesses, relieving the PS-Units from part of their present activities in this respect. b) Training institutions supported to ensure sustainability and dissemination of effects. This can be visualised in sub-sectors, where a number of projects are implemented. c) Labour market institutions supported to ensure appropriate labour market developments. Experience from individual business-to-business co-operations which are "good examples", to be disseminated. 	<p>3. a), b), c) and d):</p> <p>In accordance with the programme of action for Danish support to business sector development, the development of an enabling business environment can form part of sector programme support and can also be stand-alone projects, incl. smaller projects financed under the embassies' local grant authority.</p> <p>The programme of action specifies that support to the business cooperations can be provided through local facilitators or service providers such as private sector institutions, trade organisations, training institutions, labour market institutions as well as financial institutions.</p> <p>The PSD programme will, as mentioned above, maintain its focus on</p>

<p>d) Financial institutions supported in country specific context of financial system. This is to address an often very important constraint of lack of long-term investment capital.</p>	<p>the establishment of business-to-business cooperations.</p>
<p>4. More support instruments:</p> <ul style="list-style-type: none"> a) Preparatory facilities expanded, to include enabling environment and context analyses, for developing the country strategies and to design the specific instruments in the respective country contexts. b) Start-up facility reviewed, to ensure adequacy and flexibility. c) Partnership support reviewed, to ensure adequacy and flexibility, building on past experience of the Programme. d) Loan facility in all countries, designed as support to, and in the context of, existing systems and in accordance with the Danida "Guidelines for Support to Financial Services". e) New instruments developed, as part of overall Programme design for new intervention areas, but specifically designed for the respective countries in the country strategies. 	<p>4. a) - e):</p> <p>The existing support instruments have been designed with a view to provide an economic incentive and to ensure that ownership to the cooperations remains with the respective companies.</p> <p>As hitherto, attention will be given to the need for adjustment of existing support instruments as well as for developing new instruments</p> <p>A loan facility will be introduced in all PS-countries.</p>

<p>5. Review organisation and management</p> <p>a) PS-Coordination with broader responsibilities towards private sector development and for ensuring the development profile of the Programme in the specific country context.</p> <p>b) Outsourcing, of parts of PS-Unit activities, e.g. to private sector institutions, which provide private sector support of similar nature.</p> <p>c) Consultant Support Reviewed, to strengthen the project preparation process in order to increase the efficiency of the "dialogue" between the partners concerning the nature and modalities of co-operation.</p>	<p>5.</p> <p>The organisational setup has continuously been adjusted and will continue to be adjusted in a cost-effective manner and in accordance with the needs of the programme.</p> <p>a) The experience gained from the PSD-programme will be utilized in connection with the implementation of the Danish business sector support.</p> <p>b) Outsourcing parts of the administration of the PSD programme will only be considered if it serves the needs of the programme's clients, increases efficiency and if it is possible to identify well-defined areas of responsibility.</p> <p>c) Contracting of external consultants in Denmark on the basis of normal tendering procedures will be continued. The efficiency of the dialogue between the partners will continue to be emphasized.</p>
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Dato:

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Udenrigsråd