



# Directorate DEV B

## Private Sector Development Programmes and Measures

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# Short Outline

- ➡ Policy Framework
- ➡ Five areas of intervention
- ➡ Examples of programs in the Caribbean
- ➡ Challenges ahead



# The policy framework

- ☞ The European Community development policy : focal area “Trade and Economic development”
- ☞ The Cotonou agreement (June 2000), Art. 21
- ☞ Communication of the Commission (May 2003) on “The Commission’s approach to future support for the development of the business sector”
- ☞ Normally „All-ACP-programs“ but some national and regional programs



# The five areas of EU intervention for private sector development

1. Enabling environment
2. Investment and inter-enterprise co-operation promotion
3. Investment financing and development of financial markets
4. Technical assistance to SMEs
5. Support for micro-enterprises



# 1. Enabling Environment

## Private Sector Enabling Environment Facility (planned)

- €20 million for 5 years
- Objective of the programme: enhancing economic growth by improving the enabling environment in ACP countries
- Two main areas of intervention:
  1. Assist in improving legislation, institutional set up and financial measures (Co-operation with World Bank)
  2. Accompany the reform of state owned enterprises (including Public-private partnerships)



## 2. Investment and inter-enterprise co-operation promotion

### PROINVEST

- €110 millions for 7 years
- Objective: promotion of investment and technology flows to enterprises operating within key sectors in the ACP States
- Two dimensional approach:
  - a) Support to intermediary organisations and professional associations
  - b) Develop inter-enterprise partnerships



# 3. Investment Facility

- €2.2 Bn. Programme to provide financing for private sector development in ACP countries (including commercially run public companies)
- Objective: €500 M p.a. commitments
- Implemented by the European Investment Bank
- Revolving fund (Sustainable and developmental), no market distortion
- (Local currency) loans, guarantees and equity
- Governance: Investment Facility committee (policy)
- Credit risk policy guidelines
- Scoring methodology for development impact
- Challenges ahead (governance structure)



## 4. Technical assistance to SMEs

### **CDE (Centre for the Development of Enterprises)**

- €90 millions in 5 years
- Two main form of interventions:
  1. Creation and development of ACP enterprises
  2. Intermediary institutions such as trade and/or sector organizations
- Co-financing of costs for support and advisory services (diagnostic analyses of businesses, feasibility studies etc.)



## 5. Support for micro-enterprises

☞ **CDE (see above)**

☞ **Microfinance**

➤ €15 M for 5 years

➤ Membership contribution to CGAP

➤ Contribution to the CGAP rating fund

➤ Capacity building of microfinance institutions (call for proposals)



# The private sector in the Caribbean region – Rum

- ☞ €70 M programme to strengthen the rum industry
- ☞ Contribution to modernisation and waste treatment modalities of distilleries
- ☞ Marketing high value added branded products into the European markets



# The private sector in the Caribbean region – Tourism

- ☞ €8 million programme to support sustainable tourism
- ☞ setting up of a regional policy
- ☞ HR development
- ☞ definition of standards, R&D
- ☞ better integration in the value chain of SME



# The private sector in the Caribbean region – Jamaica

- ☞ €20 million programme aiming at enhancing the country's competitiveness
- ☞ strengthening intermediary organisations
- ☞ facilitating the access for micro and small-medium enterprises to relevant BDS and to financial services



# Challenges ahead

- ☞ Reinforce the link between budget and private sector support
- ☞ Strengthen the role of the Commission as regards privatisation and public-private partnership programmes in ACP countries
- ☞ Evaluation of private sector development programmes