



Evaluation of European Community Support to Private Sector Development in Third Countries

Final Report

Annex 7

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This report has been prepared by ADE
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The main report and each of the ten annexes are presented in separate files.

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List of Acronyms

BDS	Business Development Services
CCI	Cross Cutting Issues
CDE	Centre for the Development of the Enterprise
CEC	Commission of the European Communities
CIDA	Canadian International Development Agency
CMU	Coordinating & Monitoring Unit
CRIS	Common RELEX Information System
DAC	Development Assistance Committee
DFID	Department for International Development
EBAS	Europe-ACP Business Assistance Scheme
EC	European Community
EDF	European Development Fund
EMBJ	Eagle Merchant Bank of Jamaica
EPA	Economic Partnership Agreement
ETA	External Technical Assistance
EU	European Union
FAO	Food and Agricultural Organization
FTAA	Free Trade of the Americas Agreement
GOJ	Government of Jamaica
GON	Government of the Netherlands
IDB	Inter American Development Bank
IDP	International Development Partners
IFC	International Financial Corporation
IMF	International Monetary Fund
IO	Intermediate Organisations
JBDC	Jamaica Business Development Centre
JEA	Jamaica Exporter Association
JICA	Japanese International Cooperation Agency
JMA	Jamaican Manufactures Association
MDG	Millennium development Goals

MELP	Micro Enterprise Loan Programme (Credit Scheme)
MIDA	Micro Investment Development Agency
MIS	Monitoring and Implementation System
MSE	Micro and Small Enterprises
MTF	Medium Term Framework
MTSEPF	Medium Term Socio-Economic Policy Framework
NPEP	National Poverty Eradication Programme
ODA	Overseas Development Aid
PCI	Participating Credit Institutions (Credit Scheme)
PIOJ	Planning Institute of Jamaica
PMU	Programme Management Unit
PSD	Private Sector Development
PSDP	Private Sector Development Programme
PSO	Private Sector Organisation
PSOJ	Private Sector Organisation of Jamaica
REER	Real Effective Exchange Rate
SBLP	Small Business Loan Programme (Credit Scheme)
SMEs	Small and Medium Enterprises
TA	Technical Assistance
TDB	Trafalgar Development Bank
TDP	Trade Development Project
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations Children's Fund
WB	World Bank
WTO	World Trade Organization

1. Introduction

1.1 Mandate

The 2003 evaluation plan of the EuropeAid Cooperation Office provided for the Evaluation Unit to undertake an evaluation of European Community (EC) Support to Private Sector Development (PSD) in third countries. The aim of this sector-based evaluation is to contribute to improving the coherence of the Commission's sector-based approach through an assessment of the EC co-operation activities in PSD in the context of the objectives of the various national and regional co-operation and development programmes. It also aims at enhancing coherence between objectives in private sector development support and the European Union's (EU) other policy objectives.

1.2 Background

The evaluation is being carried out in two separate phases. Between October 2003 and June 2004, a **Desk Evaluation** of the 'European Community Support to Private Sector Development in Third Countries' over the period 1994-2003 was carried out. This desk evaluation was based on an analysis of documents collected in Brussels and complemented by interviews with Commission officials and a questionnaire sent to a sample of Delegations. The evaluation's final report presented a set of Evaluation Questions, evidence in support of a response for each of these questions, a thorough analysis of this evidence and preliminary conclusions and recommendations.

The "desk" approach was confronted with certain limitations: strategic and policy aspects could be well covered through documentation analysis and interviews in Brussels, but more specific aspects regarding implementation and impact of projects and programmes were difficult to assess without field missions. For this reason, the Evaluation Unit of EuropeAid requested ADE to complement the Desk Evaluation by a Field and Synthesis Phase.

The **Field and Synthesis Phase** of the evaluation basically entails, first, adjusting the methodology to the new tasks; second, complementing the information base mainly through five country studies; third, integrating these new findings with those from the Desk Evaluation; and finally, analysing this information base to reach an overall assessment of EC support for private sector development in third countries.

1.3 The role of country studies

Country studies offer value added as they allow a better understanding of how Community support to PSD is implemented in the field. Country studies were carried out through a detailed analysis of country- and programme-related documents and complemented with a field mission. **The aim was to collect information that will contribute to answering the Evaluation Questions at the global (not-country specific) level** and not to carry out a sector-based evaluation at country level.

The countries analysed were selected through discussions with the Reference Group. It was agreed that five countries from four cooperation programmes would be included: two ACP countries (Zambia and Jamaica), one MEDA country (Morocco), one Asian country (Vietnam), and one Latin-American country (Mexico). **Jamaica** was chosen given first the fact that Private Sector Development is one of the two focal sectors of Community cooperation; second, the (potential) links between the different sectors of intervention (PSD and transport); and third, the different instruments used (projects and budget support). In addition, Jamaica is a dynamic economy and the government vision is one of “an efficient, globally competitive and growing economy, creating jobs for a vibrant healthy and educated population, caring for its environment in a just, secure and equitable society”. It recognises that for this vision to be attained, medium term imperatives must focus on the resumption and acceleration of private-sector-led growth as a basis for employment creation and improvement in living standards and reducing poverty. Finally, several donors are active in Jamaica and coordination is gaining momentum. For all these reasons it was considered that Jamaica constituted an interesting case by which to analyse and illustrate different aspects of Community support to private sector development.

1.4 Purpose and Contents of the Country Note

The purpose of this Country Note is to provide a summary of the main findings of the country study. It is important to note that the report is of descriptive nature: it is limited to presenting the information collected and it does not attempt to analyse it or to reach judgments based on these findings. While the report contains a section on conclusions, these are not assessments or recommendations, which will instead be proposed at a later stage of the evaluation and at a global level. In addition, the required limit on the length of the report implies a focus on key findings only. Country notes will be published as annexes to the final report of the global evaluation.

Section 1 introduces this Country Note and gives the general background to the country study. **Section 2** presents data collection methods and its limits. **Section 3** presents the country context: it describes the main features of the country, its economic, social and political context, main government policies, and Community cooperation as well as a view of other donors’ interventions in the sector. **Section 4** presents key findings for each of the nine Evaluation Questions. These findings are at criteria level and based on a more detailed matrix (presented in Annex 6) where information is presented at indicator level (see Section 2 on Data Collection Methods). **Section 5** presents the main conclusions derived from the country study. These conclusions will help with the structuring of the analysis stage of the evaluation.

2. Data collection methods

2.1 Data collection tools

During the Desk Evaluation the team proposed a set of **Evaluation Questions** reflecting the main issues to be analysed. These questions relate to one or other of the Development Assistance Committee (DAC) evaluation criteria, to the 3Cs or to cross-cutting issues. For each of these evaluation questions, at least one Judgement Criterion was proposed and for each criterion, several indicators were proposed. The questions were discussed with the Reference Group and were validated by the Evaluation Unit of EuropeAid. Evaluation Questions help focus the evaluation process and structure the analysis. They help to reach an overall assessment in a more objective and transparent way as judgement criteria (the way the Questions will be treated) are announced in advance. Further, the list of indicators constitutes a basic “check list” for collecting information on the field and at headquarters, making possible an effective and focused collection of information.

The tables comprising Evaluations Questions, Judgement Criteria and Indicators, already completed with information collected for Jamaica, are presented in **Annex 6**. A shorter version of these tables comprising only Evaluations Questions and Judgement Criteria is presented in **Section 4** of this Country Note. The answer to whether or not the criterion is met is based exclusively on the information at indicator level in Annex 6. Only Question, Criteria and Indicators that are relevant to Jamaica are presented in this Country Note.

To further organize the information, the team produced **Programme Sheets** presenting basic information for each of the programmes analyzed. These Programme Sheets are presented in Annex 5. They serve as a background to Evaluation Question Grids where the team has avoided including long descriptions of the programmes implemented.

2.2 Data collection before the mission

For the overall evaluation, information was already gathered in Brussels during the Desk Evaluation. The Commission’s strategy documents were reviewed; EC programmes relating to the private sector were identified, notably for Jamaica, using the Common RELEX Information System (CRIS). Finally, Commission officials involved in private sector support were interviewed to complete this information. For the country study, specific information was collected before the mission regarding both the country and Community interventions in support of PSD. Based on the complete set of information, the team started to complete Programme Sheets and Evaluation Question grids in advance of the missions.

2.3 Data collection during the mission

The evaluation team conducted structured interviews with the Commission Delegation, local authorities, programme management units, intermediate organisations and beneficiaries. The evaluation team also analysed more precisely a set of PSD programmes

which is supposed to constitute a representative sample of the EC's PSD interventions in Jamaica (see Annexes 4 to 6). On the basis of the information collected, the team finalized the Evaluation Question grids for Jamaica.

3. Brief description of the context

3.1 Political, economic and social context

Jamaica is a small island country in the Caribbean region, with a land area of 11,000 km² and a population of 2.6 million inhabitants. Jamaica, since its independence in 1962, has been a stable democracy. Two-party competition has become institutionalized, with the People's National Party (PNP) - formed by Norman Manley in 1938 - and the Jamaica Labour Party (JLP) - formed by Alexander Bustamante in 1942 - alternating in power roughly once every ten years over the past three decades. According to the World Bank¹, Jamaica compares well overall on many governance indicators, such as formal traditions of democratic participation and accountability, political participation (turnover is about two-thirds at elections), free and active media, and a variety of civic, professional and labour groups and other non-governmental organizations.

Jamaica ranks 79th on the United Nations Development Programme (UNDP) Human Development Index². The index for Jamaica in 2004 is 0.764, showing a positive evolution since 1975, when the index was 0.687. In spite of Jamaica's disappointing record of economic growth (see below), many of the country's social indicators are good and recent trends indicate that poverty is declining. Table 1 in Annex 7 shows Jamaica's basic social indicators.

After a period of economic prosperity in the 1950s and 1960s, Jamaica has overall produced disappointing results in economic and social terms over the last three decades. In 1977 Jamaica entered into an economic stabilisation agreement with the International Monetary Fund (IMF) and reforms have continued since. In particular, in the early 1990s Jamaica made considerable progress in its fiscal affairs, implementing a tight fiscal policy as part of the **overall macroeconomic strategy** of stabilizing the economy and stimulating economic growth. Yet during the 1990s, average annual growth rate was only 0.3%. From 1990/91 to 1995/96 the government ran a fiscal surplus and a significant primary surplus which together with Paris Club and bilateral debt restructurings reduced the ratio of debt to GDP from 138.3% in 1990/91 to 85.9% in 1995/96. As the fiscal and primary surpluses have declined in recent years, the debt to GDP ratio has increased to 148% in 2002/03, one of the highest on the world. Being classified by the World Bank as a lower-middle-income country with a GNI of US\$2,980³, Jamaica does not qualify for debt reduction through the HIPC initiative.

According to several sources, Jamaica compares well on **public fiscal management**, although weaknesses have been pointed out. It is also considered to have a sound legal and

¹ World Bank (2000), Country Assistance Strategy.

² United Nations Development Programme (2004), Human Development Report.

³ World Bank (2005), World Development Indicators database, April 2005.

institutional framework for fiscal management, with two studies ranking Jamaica as the best or second best in the region in terms of its fiscal institutions⁴.

As regards the **privatization agenda**, the government has made progress but the government still has substantial holdings in some enterprises, including Air Jamaica, mining companies, the power company and the sugar industry. There are also a number of small public enterprises in the agriculture and tourism sectors.

Jamaica is a very open economy, with few trade barriers. **Trade reforms** accelerated from 1991 onwards, along with the introduction of capital account convertibility. Jamaica also undertook significant tariff reform after 1991 which reduced the average tariff from 20.3% to 8.9% in 2002. In 1991 it eliminated all quantitative restrictions and licensing requirements for exports and imports. According to the World Bank (2004, page 156), Jamaica is considered as a “globalizer”, meaning that it is in the top one-third of a group of 72 developing countries in terms of their increase in trade relative to GDP between 1975-79 and 1995-97. Jamaica participates in World Trade Organization (WTO), Free Trade of the Americas Agreement (FTAA) and Economic Partnership Agreement (EPA) trade negotiations as shown in Box 1 in Annex 7.

Jamaica’s **lack of growth**, in spite of its fiscal and trade policies, is often explained by the financial crisis of mid-1990s; the poor external climate; as well as the appreciation of the real exchange rate and the increase in real wages which reduced its competitive position during the 1990s. The **financial crisis** was solved by the replacement of the financial institutions’ bad lending with government debt, which worsened dramatically Jamaica’s fiscal and debt position from the mid-1990s. As a consequence, the ratio of debt to GDP increased to about 150% of GDP, one of the highest in the world, which entailed significant increases in short-term risks and interest rates, deterioration in access to external markets and pressure on the exchange rate. Further, a primary surplus of about 10% is needed just to sustain this high ratio of debt to GDP; any fiscal slippage would lead to an increase of the debt-to-GDP ratio. Developments in the last decade show a deterioration of the fiscal situation, especially in the first part of the decade, followed by an improvement and then a slight decline in the last years as shown in Graph 1 in Annex 7.

In spite of these developments, social indicators have improved and Jamaica is likely to meet several **Millennium Development Goals** (MDG). A National Report prepared by the Planning Institute of Jamaica notes that, based on the World Bank’s classification, Jamaica is a “country in green”, indicating that sufficient progress was made in the 1990s to attain the target values by 2015. Jamaica is likely to meet the goals on poverty and under-5 malnutrition, universal primary education, and access to safe drinking water, although it is unlikely to meet the targets on child and maternal mortality. Also HIV/AIDS has been spreading, with youth being particularly vulnerable⁵.

⁴ World Bank (2004) quotes studies by Alesina et al (1996), Stein et al (1998) and World Bank’s 2001 Country Financial Accountability Assessment.

⁵ Source: GOJ (2004), Medium Term Socioeconomic Policy Framework and World Bank (2004), Jamaica: Road to Sustained Growth.

Particularly interesting is the fact that **poverty declined significantly** during the 1990s (from about 28.4 in 1990 to 16.8 in 2000) in spite of disappointing economic performance. This phenomenon is often explained⁶ by: (i) underestimation of GDP due to the increase in the informal economy (measured among other things by the increase in currency use); (ii) a reduction of the relative price of food (caused by increased imports); (iii) a reduction of inflation rates (which affects more the poor) from 25-30% to slightly less than 10%; (iv) an increase in real wages; and (v) an increase in remittances. However, it is expected that most of these factors will no longer play such an important role in the future and that further reductions in poverty will therefore require sustained growth. Further, international experience shows that the elasticity of poverty with respect to GDP is inversely correlated with GDP growth. Indeed in Jamaica poverty reduction has stagnated since the late 1990s.

An additional fact in the case of Jamaica is the **high migration rate** (about 80% of tertiary graduates), to which low employment prospects and high crime rates (see next section) contribute. The counterpart to high migration is the **high level of remittances**, which amount to about 18% of GDP. Remittances are a significant part of the coping strategy of the poor and may be a significant factor in reducing vulnerability, but its contribution to the sharp fall in poverty after 1995 is less clear.

3.2 Private Sector in Jamaica

Jamaica has a well developed and dynamic private sector benefiting from a positive enabling environment for business establishment and operation. Jamaica ranks high in international comparisons of its regulatory framework; labour regulations are not perceived as too onerous (the labour regulation index for Jamaica is 2 on an index from 0-6, where 6 is the highest level of regulation) and major steps have been taken by the Government to improve the framework for competition. Further, according to cross-country surveys, Jamaica has relatively strong democratic traditions and institutions, a high quality civil service and a good regulatory framework.

However, the private sector's potential competitiveness has been hampered by a number of macro-economic, institutional and regulatory constraints which have reduced the efficiency of, and incentives for, private investment. These constraints include:

- the high cost of capital - due to the high interest rates on treasury bills,
- high real wages,
- the high real exchange rate,
- the direct and indirect cost of crime and security,
- inadequate infrastructure (water, transport, power supply), and
- the high rate of migration of qualified workers.

⁶ Source: World Bank (2004), Jamaica: Road to Sustained Growth.

This is confirmed by several analyses. In particular, a competitiveness survey conducted in 2001⁷ shows mixed results in terms of meeting international best practice in terms of efficiency and productivity. Results from this analysis confirm those of another survey carried out in 1997. In summary, surveys of firms show that firm competitiveness is negatively affected by: (i) real exchange rate volatility; (ii) rising labour costs in excess of productivity improvements; (iii) finance costs (for smaller firms); (iv) access to inputs; and (v) crime. Crime and access to finance are two subjects of particular significance in Jamaica.

The cost of Crime

Jamaica is amongst the most violent countries in the world. Crime has a negative impact on the economy due to: (i) medical expenses incurred on crime-related injuries by Government and the private sector; (ii) loss of output arising from death and injury; (iii) cost of security provision by public and private entities; (iv) direct business losses of firms arising from such crime as extortion, fraud, theft and looting; and (v) other costs, such as the high risk of shut-down of firms, reduced working hours and impact on investment and expansion intentions. Total public expenditure on crime control is nearly 4 percent of GDP while private expenditure on security is calculated on 1.3% of revenue. Box 1 in Annex 7 shows some striking results of a business victimization survey revealing the high costs that firms face.

Access to Finance

Two factors seem to explain the high cost of finance in Jamaica. As mentioned in the previous section Jamaica's financial crisis of the mid-1990s was solved by the replacement of the financial institutions' bad lending with government debt, significantly increasing government domestic lending and therefore pushing up interest rates. This factor is reinforced by the fact that, as in many countries, banks consider it too risky to lend to smaller firms and therefore charge higher interest rates and apply stricter capital requirements than for bigger firms. Box 2 in Annex 7 shows a summary of the findings of a World Bank study which includes a suggestion on how to help banks to better assess the risks of lending to small enterprises.

3.3 Government Policies

Jamaica's current National Development Strategy is based on the Government's Medium Term Socio-Economic Policy Framework (MTSEPF) 2004-2007. The MTSEPF builds both on the overarching policy framework established in the 1996 National Industrial Policy (NIP) - which was designed to provide a systematic and comprehensive approach to development - and on the 2000 Medium-Term Strategy. The MTS presents the government of Jamaica's (GOJ) vision for "an efficient, globally competitive and growing economy, creating jobs for a vibrant healthy and educated population, caring for its environment in a just, secure and equitable society". It also recognises that for this vision to be attained, medium-term imperatives must focus on the resumption and acceleration of economic growth as a basis for employment creation, an improvement in living standards and a reduction of poverty. The MTS present a development strategy based on four components:

⁷ World bank (2004), Jamaica: The Road to Sustained Growth

- restoring Economic Growth (which includes Strengthening the framework for private investment) ;
- protecting the Poor and Ensuring Inclusion ;
- improving Governance, Efficiency and Effectiveness in the Public Sector ;
- ensuring Sustainable Development.

The MTSEPF confirms this policy orientation and provides a medium-term comprehensive approach to development for the country. It presents GOJ's development priorities and the relationship between the overall strategy and government's public expenditure programme as reflected in the medium term public sector investment programme.

Regarding **private sector development**, the government is continuing to disengage from productive activities and to focus on its role of policy maker, regulator and enabler so as to create a stable macro-economic environment providing for competitive levels of key relative prices and thus lowering the cost of doing business in Jamaica. Therefore, its strategy includes provision for:

- a stable macro economic framework;
- a positive enabling environment;
- a competitive Real Effective Exchange Rate (REER); and
- improving the operating environment with respect to the availability of appropriately skilled manpower and reliable and cost-effective infrastructure.

The first two elements are to be achieved through a comprehensive macro-economic framework based on a monetary and exchange rate policy aimed at maintaining a stable environment, inflation rates converging on those of Jamaica's main trading partners, and a fiscal policy aiming at a balanced budget in 2005/06, recalling that to stabilize the debt at current ratios a primary surplus of 10% is needed. A freeze on civil service recruitment, negotiation of reductions in real wages and salaries, and possibly tax reform are all also on the agenda.

The second two elements of the strategy are to be achieved through specific measures including:

- Measures to attain a competitive REER. The GOJ recognizes the importance of the REER for the competitiveness of Jamaica's export-oriented productive sector but also notes the trade-off implied: while a decrease in REER favours competitiveness, it also increases foreign public debt. Therefore it proposes improving competitiveness through non-price channels, such as improvements to infrastructure, continued modernization of the public sector, reduction of bureaucracy and the continued reform of the education system.
- The implementation of a national crime plan to reduce the direct and indirect costs of crime and security.

- Provision of Training and Technical Assistance. GOJ intends to continue its policies of providing training and technical assistance to the productive sectors within the limits of budgetary constraints and with the general aim of upgrading management and enhancing quality of production. It also aims to encourage wider private sector ownership to enhance the effectiveness of those programmes and highlights the role of International Development Partners (IDP), particularly through the support provided to promotional agencies such as JAMPRO.

3.4 EC support to Jamaica

EC support to Jamaica has included interventions to contribute to private sector development funded through the European Development Fund (EDF), particular budget lines from the European Commission's budget; and the European Investment Bank (EIB). Table 2 in Annex 7 presents a summary of Community support to Jamaica.

Under the 8th EDF, EC support (€m60) focused on:

- *Poverty alleviation* (65% of total resources), to be implemented through: a microproject programme; funding to the Jamaican Investment Fund with emphasis on health and education; a rural water supply programme; continuation of a urban and rural health programme; support for drug control; and **Small and Medium Enterprise (SME) support through the Trade Development Programme** (€m6).
- *Infrastructure development* (25% of total resources) to contribute to improvements in basic infrastructure (roads and water), which includes: the North Coast Highway Improvement project and the Savannah-La-Mar waste water project.
- *Other areas*, including support to the Democratic Reform Process; the International Centre for Environmental and Nuclear Sciences; and drug control coordination and cooperation in the Caribbean.

EC's indicative programme under the 9th EDF (for €m100) focuses on:

- *Macroeconomic Support* (€m30) to assist the macro-economic reform programme, while targeting social sector performance in terms of education, health and social safety net improvements.
- **Private Sector Development** (€m20), involving implementation of a business support programme (Private Sector Development Programme or PSDP) to assist companies in designing and implementing restructuring programmes and improving competitiveness.
- *Transport* (€m30). The sector-based support programme for the road sub-sector is aimed at improving sustained road maintenance by supporting the Ministry of Transport in the implementation of a road maintenance strategy, and by improving its capability to operate an effective road maintenance programme.
- *Poverty alleviation programme* (non-focal - €m10) to support institutional strengthening through decentralised implementation but also including studies to facilitate implementation of the NIP.

Since 1999 Jamaica has benefited from €29.53 million under six Special Frameworks of Assistance (SFA) for Traditional ACP Suppliers of Bananas through the special **Banana Budget Line**. This framework was created in the context of the WTO decision against the European banana regime and of falling banana prices on the world market. In Jamaica the SFA provides annual allocations of funds for financial and technical assistance to promotion of an efficient banana industry able to compete in a liberalised world market on a sustainable basis. The programme has broadened since its inception and now seeks also to promote sustainable development in the traditional banana-growing areas of Jamaica. It is envisaged that 16,000-20,000 rural family members will benefit both directly and indirectly through both the Banana Improvement and the Rural Diversification components of the programme before its completion date in 2009.

Further, Jamaica has had access to “all-country” programmes in support of PSD such as the Europe-ACP Business Assistance Scheme (EBAS) and Pro-Invest, and to projects managed by the Centre for the Development of the Enterprise (CDE). However, Jamaica has not been a strong user of such programmes. Factors explaining this fact include the existence of bilateral programmes that implemented the same type of activities and which were better known by potential beneficiaries.

3.5 Other Donors

The **World Bank** Country Assistance Strategy (CAS) for Jamaica (2000-2003) envisages a programme of US\$220 million consisting of a US\$150 million fast-disbursing programme for bank restructuring and debt management and US\$70 million for strengthening social safety net mechanisms and education. Further, improvements in the business environment in Jamaica resulted in increased opportunities for **International Financial Corporation (IFC)** support to the private sector. The IFC has addressed these opportunities both directly and via regional intermediaries: US\$55.8 million in a telecommunications project and US\$45 million for the development of the Montego Bay Airport.

USAID's strategy in Jamaica (2000-2005) includes five objectives with a budget of approximately US\$13.5 million per year: (i) improved business environment for developing the SMME sector, (ii) improved quality of natural resources, (iii) improved reproductive health of youth, (iv) increased literacy and numeracy targeted on Jamaican youth, and (v) improved economic and social conditions in targeted inner city communities. Under the first objective, USAID works with private and public sector partners to render Jamaica's business environment more conducive to investment, and directly assists small firms to become more competitive and profitable. Three intermediate results are foreseen: (i) reduced key business constraints; (ii) improved business skills (and competitiveness) among individual firms, and (iii) increased micro and small enterprise access to private financing.

UNDP concentrates its assistance on the major areas of: (i) poverty reduction (ii) governance, (iii) environment, and (iv) ICT for Development. Within the area of poverty reduction and sustainable livelihoods, UNDP has supported a SME Development project with three main components: institutional strengthening (building a supportive technical system for SMEs, including creation of a mobile technical unit for rural areas);

human resource development (development of training packages which are used to train trainers); and networking (fostering different but complementary networks between the SMEs that pool their resources)

DFID's strategy aims at the following outcomes: (i) a better macroeconomic and social context for poverty reduction; (ii) improved public services for poorer people; (iii) improved access to education, and improvements in educational equity and quality; (iv) improved livelihoods; (v) better rights for poor people; and (vi) improved justice and personal security. It thus concentrates on the following: public sector reform; education issues; enterprise development through support to the government's effort to create the right environment for private sector development; support to civil society; reform of the penal system and police modernisation.

4. Findings

This section presents key findings for each of the Evaluation Questions relevant at country level (questions 2 to 9). Findings have been synthesised at criteria level based on a more detailed matrix (presented in Annex 6) where information is presented at indicator level.

EQ 2 - Overall design of the strategy

<p>Is the CEC PSD strategy in terms of “expected results” well designed to ensure the realisation of the purpose of strengthening the business sector with a view to contribute to the overall objectives of the EC external policy?</p> <p>A. To what extent is each area of intervention (“expected results”) relevant in terms of contribution to the purpose?</p> <p>B. Is its success dependent on certain conditions (another expected result or some other ‘external’ factor)? If yes, which ones? Have they been identified in CEC PSD strategy documents?</p> <p>C. Is the set of fields of actions comprehensive (are some essential fields missing (for example, role of champions)?</p> <p>D. Is it well structured:</p> <ul style="list-style-type: none">i) Are there potential complementarities and synergies between expected results and have they been identified?ii) Are there possible contradictions between fields and have they been identified?iii) Should there be a prioritisation?
<p>2B.1 Conditions to reach the expected results exist</p>
<p>The Country Strategy Paper (CSP) 20021-2007 indicates as main assumptions for the support to PSD, the following macroeconomic and institutional elements:</p> <ul style="list-style-type: none">▪ Exchange rate policy conducive to maintaining competitiveness.▪ Simplification of investment incentive system and reduction in administrative barriers for SMEs.▪ Reform in labour legislation.▪ Stable industrial relations.▪ Sufficient funding available for SME financing through financial markets/banking system;.▪ Affordable interest rates for SME. <p>The CSP 2002-2007 also describes the policy agenda of the GOJ in terms of its economic, political and social policies (described in Section 3) and assumes that the GOJ will continue on this track. Overall, several written and oral sources have indicated that the GOJ remains committed to implementing those policies although more progress still needs to be made in certain areas, particularly those related to crime, violence and corruption.</p> <p>In summary, as these CSP ‘assumptions’ can be understood as ‘conditions’, it can be said that the conditions for attaining the expected results (of PSD support) do exist and are explicit in the CSP. However, they are formulated in a general manner in that they are not linked to the different programmes being implemented. Programme documents mostly indicate the same type of conditions (or assumptions); i.e. broad assumption. Further, it is not clear whether and how the strategy to support PSD in Jamaica could be adapted if the identified assumptions are not borne out. It should, nonetheless, be compared with</p>

<p>and qualified by the situation in the other focal sector of support, namely transport. As the GOJ has not made sufficient progress in the road sector as was assumed would be the case, the Delegation currently suggests adjusting support to the transport sector in a significant manner.</p>
<p>2D.1 There are potential complementarities and synergies between expected results</p>
<p>Current and past Community support to PSD in Jamaica concentrates at micro- and meso-levels through the Credit Scheme (7th and 8th EDF), Target Europe (7th and 8th EDF), Trade Development Project (TDP) (8th and 9th EDF) and Private Sector Development Programme (PSDP) (9th EDF) programmes. Except for the first, programmes have been sequential and quite similar in nature, i.e. focused on the same expected results (non-financial services and support to Intermediate Organisations). Therefore one cannot identify complementarities and synergies between the results expected from these three programmes. The Credit Scheme programme (focused on financial services) runs in parallel to the Target Europe and TDP programmes. The team did not find evidence of intended complementarities or synergies between the programmes. No conflicts were identified either. It is worth noting, nonetheless, that complementarities and synergies between expected results are recognized in an implicit way. Indeed, the three programmes (Target Europe, TDP and PSDP) focusing on non-financial services have multiple components and are implemented at different levels. At micro level they benefit private firms requiring business development services, at meso level they benefit intermediate organisations in their capacity of service providers.</p>
<p>2D.2 Prioritisation of areas of intervention (expected results) leads to a better realisation of the purpose</p>
<p>No prioritisation of the expected results was done in the case of Jamaica and thus it cannot be said whether that led to better realisation of the purpose (namely increased competitiveness of the business sector)</p>

EQ 3 – Relevance of PSD strategy in a given country

<p>For a given country,</p> <p>A. Does the selection of the areas of intervention correspond to the CEC PSD strategy?</p> <p>B. Does the selection of the areas of intervention correspond to clearly identified priority needs of this country to increase the competitiveness of the business sector with the view to contribute to the overall objectives of the EC external policy?</p>	
3A.1	<p>The areas of intervention (expected results) in Jamaica correspond to the areas proposed in the CEC PSD strategy</p> <p>Programmes implemented in Jamaica broadly correspond to the expected results of the CEC PSD strategy:</p> <ul style="list-style-type: none"> ▪ Credit Scheme can be linked to the second ‘expected result’: reinforcement of financial markets ▪ TDP can be linked to the third and fifth: enhancement of IOs’ capacity and reinforcement of Business Development Services (BDS) markets ▪ PSDP can also be linked to the ‘expected results’ of IOs’ capacity and reinforcement of BDS markets as well as to reinforcement of financial markets. Further, the programme includes the possibility of actions corresponding to a more conducive framework for PSD. <p>However, it should be noted that the objectives of the different programmes are not always exactly in line with the CEC PSD strategy:</p> <ul style="list-style-type: none"> ▪ The Credit Scheme programme covered more than providing credits to SMEs, it also included supporting the framework of supply, although during the implementation of the programme it seems that the execution of the credit line became the main objective, to the detriment of the reinforcement of the regulatory and institutional framework. ▪ The TDP programme had as specific objectives, first, to increase the international competitiveness of private sector exporters (which is the purpose of the CEC PSD strategy) and, second, to develop export- and tourism-related services. It was intended to reach these objectives through the provision of subsidised classical business development services without much concern for the development of a <i>sustainable demand and supply</i> of such services ▪ The implementation of the PSDP programme has not yet started but its expected results are: (i) empowerment of private sector organisations in the local economic environment; (ii) provision and delivery of relevant Business Development Services developed both through demand- and supply-driven initiatives; and (iii) access to corporate finance enhanced for SMEs. The formulation of the second expected result seems to correspond to the CEC PSD strategy but the team has not found any evidence on how actually the programme will ensure a sustainable supply of BDS.
3B.1	<p>The selected areas of intervention (expect results) correspond to clearly identified needs of Jamaica in terms of PSD</p> <p>The development of the private sector and the importance of increasing private sector competitiveness are at the core of the government’s policy. GOJ’s objective is “to resume growth with employment creation and that growth is expected to be led by the private sector taking advantage of the comparative advantages of Jamaica in terms of natural resources, location and climate” (MTSEPF, page 25). Its strategy for attaining this objective is based on four components: (i) Restoring Economic Growth; (ii) Protecting the Poor and Ensuring Inclusion; (iii) Improving Governance, Efficiency and Effectiveness in the Public Sector; and (iv) Ensuring Sustainable Development. The first component comprises: rehabilitating the financial sector, consolidating fiscal policy, and strengthening the framework for private investment, all of which have a direct effect on private sector development.</p>

According to most sources the main challenge of Jamaica's private sector development is to accelerate growth by improving competitiveness in a context of budgetary constraint. Indeed, Jamaica's growth potential has not been yet realized owing mainly to macro-economic, institutional and regulatory constraints, which have reduced the efficiency of and the incentives for private investment. These constraints include:

- high cost of capital, due to the high interest rates on treasury bills;
- high rate of real wages;
- high real exchange rate;
- the direct and indirect cost of crime and security; Jamaica has one of the highest rates of crime in the world (see section 3);
- inadequate infrastructure (water, transport, power supply); and
- high rate of migration of qualified workers – as high as 80% of tertiary graduates

In order to tackle these constraints, the government is engaged in continuing to disengage from productive activities and to focus on its role of policy maker, regulator and enabler with a view to creating a stable macro-economic environment, which provides for competitive levels of key relative prices and thus lowers the cost of doing business in Jamaica. Its strategy comprises provision of:

- a stable macro economic framework;
- a positive enabling environment;
- a competitive REER, and
- improving the operating environment with respect to the availability of appropriately skilled manpower and reliable and cost-effective infrastructure.

The three first aspects are to be tackled through a comprehensive macro-economic policy and the last one through specific measures including implementation of a national crime plan and provision of Training and Technical Assistance with the participation of the private sector and IDPs. EC current support to PSD in Jamaica through the PSDP corresponds to this latter priority.

In terms of higher level objectives, the overall objective of EC support to PSD in Jamaica is “achieving sustainable private sector growth and employment creation” and the purpose is “improving competitiveness of the SME sector” (CSP, page 28), and it can therefore be said that, at the level of objectives, EC support corresponds to GOJ's development objective.

EQ 4.2 - Effectiveness - Reinforcing financial markets

To what extent did EC interventions reinforce financial markets?	
42.1	The appropriate framework for supplying well-developed and efficient financial services for SME is reinforced
<p>The Credit Scheme programme was designed in 1992 and reviewed in 1997. In addition to the execution of the credit line, both the original and the reviewed programme design foresaw activities to, on one hand, reinforce participating financial institutions and, on the other, improve the political and the regulatory framework. Activities planned to reinforce local financial institutions included the strengthening of their capacity to mobilize local resources, the setting up of a Monitoring and Implementation System (MIS) and the provision of training to credit officers. To adjust the regulatory framework, it was planned to deliver technical assistance to the GOJ in view to create a policy environment to stimulate lending to SMEs by modifying domestic fiscal and regulatory frameworks. Further, it was stated that the sustainability of the programme strongly relied on these activities.</p> <p>During implementation, however, the programme focused more on the execution of the credit line and the set up of a MIS than on the support to a conducive institutional framework. In fact, the suspension of the programme after one year of implementation had a serious impact on this latter component of the programme. A large part of the funds earmarked for related Technical Assistance was mainly spent during the first phase (previous to the suspension) and few resources were available for this after the programme restarted. Consequently, no results were achieved in improving government's policies regarding Micro and Small Enterprises (MSE) access to credit. In fact there is no evidence that the activities planned in that sense were effectively carried out.</p> <p>Finally, the effects of the programme on Participating Credit Institutions (PIC) are still perceptible today. The MIS set up is still being used and allows close supervision of credits supplied. Collaterals asked now by the retailers are not excessive and the lending is base on project basis. The default rate at borrower level is marginal.</p>	

EQ 4.3 – Effectiveness - Intermediate organisations (IO)

<p>A. To what extent did EC interventions help IO to increase their capacity to conduct a policy dialogue with the government;</p> <p>B. To what extent did EC interventions help IO to improve the quality or quantity of the services provided to and used by its members?</p>
<p>43A.1 Intermediate organizations have successfully promoted the interests of the private sector as a result of EC support</p>
<p>The TDP did not directly aim to support IOs in their capacity of promotion private sector interests. However the TDP had a component “Service Provider Facility” where a grant covered 50% of the cost of upgrading the skills of public and private business service providers. The definition of this facility was very broad and in fact it could have served also to support activities aiming to increase IO’s capacities to promote the interests of the private sector.</p> <p>Originally this component was not exclusively focused in IOs, it was open to private and public service providers. Given the fact that in the first year of the programme few applications were received, the management unit adopted a proactive approach and decided to target IOs, even though the focus was on service supply more than on reinforce their representativity skills.</p> <p>Few activities were implemented in this field, with few results achieved. JMA received comprehensive support through the design and implementation of a five year Strategic Plan. TDP funded internal restructuring activities and promotion activities for their members but also lobbying activities at national and international level on, respectively, trade agreement negotiations and barriers to increased competition. Lasting results are now evident. Lobbying activities continued after the end of the programme. JMA is now considered above all a lobbying organisation.</p> <p>PSDP will potentially achieve more results in this perspective as Component 1 of the programme is exclusively devoted to IOs: “Empowerment of the Private Sector Organizations (PSO) in the local economic environment”. In this framework a Competitiveness Committee (constituted by private sector and GOJ representatives) will be set up. This Committee will act as a forum where private sector interests will be discussed. The success of this committee will strongly depend on the members that will finally compose the Committee from the IO’s side but also from the side of the GOJ. This component also envisages the implementation of a cost-sharing capacity building scheme but, as it was the case in the TDP, the activities are not clearly defined.</p>
<p>43B.1 Intermediate organizations provide more and better services to their members as a result of EC support</p>
<p>As mentioned above in 43A.1, one of the components of the TDP, “Service Provider Facility”, was a grant to cover 50% of the cost of upgrading the skills of public and private business service providers. IOs were among the potential beneficiaries. Given the fact that in the first year of the programme few applications were received, the management unit adopted a proactive approach and targeted IOs. This enhanced IOs access and participation to the programme, even though the focus was on funding activities instead of on upgrading skills as originally envisaged.</p> <p>Many activities were undertaken and successfully achieved: visits to trade fairs, seminars, marketing campaigns, consortium support. The beneficiaries declare to be satisfied by this support. Supply of services to their members increased during the period of the programme but it did not continue when programme support finished. Without the programme subsidies there is no possibility for replicability or continuation of the activities. The expected results of the TDP (namely upgrading service providers’ skills) were not achieved, neither were the objectives of the PSD strategy (provide better and more services to their members) in a sustainable manner.</p>

PSDP Component 1 “Empowerment of the Private Sector Organizations (PSO) in the local economic environment” envisages implementing a cost-sharing capacity building scheme that will be implemented in the wake of TDP.

EQ 4.5 – Effectiveness – BDS

To what extent did EC interventions aiming to provide non-financial services create a competitive business development services markets?

45.1 EU interventions aiming to provide non-financial services create a competitive business development services markets

During the implementation of the **TDP** the main activity was to provide companies with non-financial services but no special attention was given to developing a competitive BDS market. However the second specific purpose of the programme was to “develop export and tourism related services” to be achieved through the implementation of the following two activities: encouraging companies and associations to invest in local business development services and encouraging local service providers to develop their supply of specialised skills via a “Service Provider Facility”.

After receiving the subsidised services, beneficiary companies experienced substantial growth; they are more aware of the importance of investing in business development services and more likely to use this type of services in the long-term. The services were provided by local consultants, and consequently the market benefited from a direct increase in income due to the short-term demand created by the programme. But in both cases the outreach was too limited to contribute effectively to the development of a competitive BDS market.

The “Service Provider Facility” did not produce the hoped-for effects on service supply. Few applications for assistance were received and therefore the management unit adopted a proactive approach to stimulate demand and targeted the IOs. The majority of activities funded were not related to upgrading specialised skills.

The **PSDP** has no more potential than the TDP to contribute to a competitive BDS market. PSDP was identified in 2001 but it does not take into account the recommendations of the *BDS for Small Enterprises: Guiding principles for donor intervention*. PSDP through its Component 2 “Enhancing enterprise competitiveness through the strengthening of the BDS system” will continue to provide services directly to companies and will also develop a new range of services by setting up export and information points. The facility for upgrading service providers’ skills does not exist any more, as it did not succeed during the TDP owing to lack of demand.

EQ 5 – Sustainability

To what extent are the effects (expected results) of the interventions likely to continue at the end of the EC support?	
5.1	The effects of CEC PSD strategy in Jamaica is likely be long-lasting
<p>The team analysed whether assumptions and risks were identified when putting forward the EC PSD strategy in Jamaica and whether this strategy was adapted if the assumption were not borne out or if the risks materialized.</p> <p>The CSP indeed identifies a number of assumptions and elements ensuring sustainability. They concern government actions and demand from the private sector. They include among others:</p> <ul style="list-style-type: none"> ▪ Improvement of the macro-economic environment, leading <i>inter alia</i> to more affordable interest rates ▪ An exchange rate policy conducive to maintaining competitiveness ▪ Implementation of a number of key government measures to improve the business environment, such as: (i) reducing administrative barriers, (ii) simplifying investment incentives, (iii) reducing labour market rigidities, and (iv) addressing the problem of security. ▪ The existence of demand from the private sector for the services to be provided by the programme and the effective delivery of these services. <p>The team has not been able to collect information on the extent to which the government has progressed on each of the measures or on the assumptions detailed above. Further it is not clear whether and how the strategy to support PSD in Jamaica could be adapted if identified assumptions are not verified as the new PSDP has already started and its implementation is not conditional to the same assumptions used at the level of the strategy. As mentioned in 2B.1.3, this should nonetheless be compared with and qualified by the situation of the other focal sector of support, namely transport. As the GOJ has not made sufficient progress in the road sector as was assumed would be the case, the Delegation currently suggests making significant adjustments to support for the transport sector.</p>	
5.2	Institutional, macroeconomic, legal and regulatory improvement is not disappearing / has not disappeared after EC intervention
No PSD intervention at the macro, institutional or legal level has been implemented in Jamaica.	
5.3	Reinforcement of financial markets is long-lasting
<p>The fund was constituted by an EDF loan to the GOJ, which continued to dedicate the resources to the same objectives after the end of the programme. The fund still runs with the same operational rules, conserves its resources, and is still growing owing to the interest income of the loan and interest income on investment (of idle resources). On the other hand, the activities envisaged for strengthening the regulatory environment were not implemented.</p>	
5.4	Reinforcement of IO position is not lost after EC intervention finishes
Few results were achieved in relation to the reinforcement of the IO. Their position as service providers is lost now that there is no funding to support new activities.	
5.6	A competitive BDS market continues to function after EC intervention has finished
<p>Few results were achieved in relation to creation of a competitive BDS market. The companies that benefit from the TDP are now more aware of the importance of investing in BDS and more likely to use this services in the long term; but the outreach is too limited to generate changes in the market. The market continues to function as before the TDP intervention.</p>	
5.7	Micro-enterprises continue to develop
No PSD intervention of this type has been implemented in Jamaica	

EQ 6 - Efficiency

<p>To what extent have the organisational set-up or management systems and processes contributed or hindered the efficiency of the EC interventions to support private sector development? Four aspects are of particular interest to our evaluation:</p> <p>A. The deconcentration process and the support given by HQ</p> <p>B. The preference given in some regions to all-country programmes</p> <p>C. The preference given in some regions to promote local expertise instead of using international support</p> <p>D. Other organisational set-up or management systems and processes</p>
<p>6A.1 The deconcentration has contributed to the efficiency of the EC interventions</p> <p>The deconcentration has clearly accelerated operational decision-making. Management and procedural tasks seem correctly hand out by the Delegation but capacities to provide strategic and technical support on PSD are still weak.</p>
<p>6B.1 The use of “all-country” programmes has contributed to the efficiency of the EC interventions</p> <p>Jamaica is not a significant user of “all-country” programmes; no evidence was collected on this issue.</p>
<p>6C.1 The use of local expertise has contributed to the efficiency of the EC interventions</p> <p>Local expertise was used in the Credit Scheme and the TDP. It allowed to offer good services at local market prices and therefore at a lower cost. From another angle, it speeded up the provision of services as no international tender process had to be launched.</p>
<p>6D.1 The organisational set-up and management system has contributed to an efficiency implementation of the programme</p> <p>The Credit Scheme programme experienced serious delays during its implementation: two years of delay in the provision of the loan and a one-year suspension of the programme after one year of implementation. The suspension allowed the replacement of the wholesaler and the review of the programme.</p> <p>Two important proposals were made by the review: first, GOJ should shoulder the risk on credit transactions so as to encourage wholesalers to be more dynamic; and micro and small enterprises should be addressed through different wholesalers so as to increase access possibilities. These changes improved significantly the implementation of the programme and the system set-up is still running successfully.</p> <p>However the difficulties experienced at the beginning had serious negative effects on the technical assistance component. A large part of the funds devolved to this objective were spent during the first phase. The remaining amount for the second phase was too modest in relation to the specified expected results.</p> <p>TDP management unit had a good command of the implementation of the programme. They were able to point out future difficulties and address them in a proactive way. Three riders to the Financing Agreement were submitted well in advance. The most important changes requested the reallocation of the budget of the under-utilised Service Provider Facility. Further, TDP was monitored four times (ROM system), and most recommendations were adopted with positive effects on implementation.</p> <p>PSDP has accumulated a one-year delay. In fact, as requested by 9th EDF procedures, a financial guarantee is needed to host the programme management unit outside a public institution. It took one year to JAMPRO to obtain such guarantee.</p>

EQ 7 – Coherence (within EU action)

<p>A. To what extent does the <u>EC PSD policy in general</u> take into account other EU strategies and policies?</p> <p>B. To what extent does the <u>EC PSD support strategy within a country</u> strategy take into account:</p> <ul style="list-style-type: none"> i) The support given to other sectors within the same country strategy? ii) Other EU strategies and policies <p>C. To what extent do national or regional <u>EC PSD programmes within a country</u> take into account:</p> <ul style="list-style-type: none"> i) Other PSD programmes within the same country ii) The support given to other sectors within the same country iii) Other EU strategies and policies
<p>7B.1 The EC PSD support strategy within a country takes into account other EU interventions</p>
<p>The CSP 2002 is explicit on how budgetary aid and transport affect private sector development. Indeed, the CSP explains that the overriding concern of the EC strategy is to contribute to the alleviation of poverty; that in order to alleviate poverty the government seeks to enhance economic growth; that the private sector is considered as the most effective engine for growth; and thus that the development of business activities should be supported and facilitated. It also indicates that transport infrastructure is one of the main constraints on development of the private sector – which bears out the information collected by the mission from other sources – and that business development needs macroeconomic fundamentals to be restored to sustainable levels, particularly the debt situation. It even indicates that the country’s growth strategy should rest on two complementary measures: macroeconomic reforms and support to SMEs to stimulate their competitiveness.</p> <p>In practice, however, little link between transport sector interventions and PSD interventions has been made. As for budgetary aid, interviews gave a qualified image. On the one side, officials involved in PSD argued that budgetary support will contribute to reducing interest rates (through reducing internal debt and thus reducing the crowding-out of private borrowing). On the other side, officials involved on budgetary support consider that the magnitude of BS in Jamaica is not significant enough to have an effect on macroeconomic variables. It could, however, be argued that BS contributes to encouraging GOJ’s commitment to fiscal discipline and thus indirectly affects the business environment.</p> <p>Regarding other European policies and strategies, in the section “Coherence with other Community policies”, the CSP 2002 makes reference to trade policy. It indicates that the strategy is fully compatible with the participation of Jamaica in international trade fora and agreements, in particular WTO; and further, that Jamaica will participate actively in the EPA negotiations under CARICOM. However, the document does not describe – and the evaluation team has not found any evidence in this regard - how the strategy relates to trade policies or regional initiatives. This is not due to a lack of concern about trade issues, particularly in the case of a small island like Jamaica. The report on the 10th Annual Retreat in December 2004 - which brings together IDPs and government and non-government partners in Jamaica – indicates that the opening session highlighted the need to re-think development aid in the light of current globalization challenges; and further, that the key to development was to be found in greater trade and that, for this reason, a reduction of subsidies in developed countries could help millions improve their living standards.</p>
<p>7C.1 National or regional EC PSD programmes within a country take into account other EC interventions</p>
<p>The team did not find any evidence of programmes being directly affected by EC support to other sectors in Jamaica or by other EU policies or strategies. However, particularly in the context of Jamaica – a small</p>

island – and given the policy of the GOJ, the links with trade policy should be of outmost importance. It is reflected by other players such as are mentioned in 7B.1.3, and also by the fact that, in larger fora such as the 10th Annual Retreat in December 2004, the reduction of subsidies in developing countries is mentioned as an effective way of contributing to development.

Regarding coherence between different PSD interventions, as mentioned in 2D.1.3 Community support to PSD in Jamaica has been provided through the **Credit Scheme** (7th and 8th EDF), **Target Europe** (7th and 8th EDF), **TDP** (8th and 9th EDF) and **PSDP** (9th EDF) programmes. Except for the first, programmes have been sequential and quite similar in nature, i.e. focused on the same expected results; and therefore the focus for the team was less on identifying complementarities or overlaps between these programmes than on lesson learning. Programme documents do mention previous programmes but the team did not find evidence that, for instance, PSDP had thoroughly drawn on TDP experience.

EQ 8 – Coordination (with other donors)

To what extent is there coordination between donors, both at central and at country level?	
8.2	The EC actively participates to multi-donor coordination process at country level
	<p>Donor coordination has for long been in place in Jamaica, yet has gained momentum in the last two years and it is becoming increasingly crucial.</p> <p>On the government side, the Planning Institute of Jamaica (PIOJ) co-ordinates international co-operation and the UNDP Resident Representative leads donor coordination on the side of the international development partners. Meetings are organised in a regular basis to discuss and review strategic matters of common concern. An annual retreat also brings together the donor community and the GOJ to discuss areas of intervention and future work. Participants at the 10th Annual Retreat in December 2004 included IDPs (DFID, UNDP, FAO, UNEP, UNICEF, UNESCO, EU, Embassy of France, CIDA, USAID, IDB, WB, Embassy of Japan, JICA) as well as government and non-government agencies (PIOJ, Cabinet Office, Dispute Resolution Foundation, National Works Agency, Ministry of Justice, Office of Preparedness and Emergency Management, University of West Indies). The main conclusions were:</p> <ul style="list-style-type: none"> ▪ That in spite of the importance of overseas development aid (ODA) for countries like Jamaica, their long term development could not be based on ODA; ▪ That greater attention should be given to helping bring about improvements in competitiveness and in gaining access to markets; and that to this end a reduction in agricultural subsidies in developed countries would help considerably; ▪ That IDPs could provide their support in a more flexible and creative manner; ▪ Finally a case was made for reducing assistance to the government sector and reallocating it to the private sector. Some IDPs argued for a thematic focus on PSD as further reductions in poverty levels will require economic growth. <p>Another example of the fact that more and more IDPs are making joint efforts to achieve greater aid effectiveness is the TA for donor coordination and harmonization funded by DFID “on behalf of the coordinated interests of IDPs”.</p> <p>On the side of the EC, country documents do indeed refer to donor coordination. In particular, the 2002 CSP presents a donor matrix with the areas of intervention of the main international development partners in Jamaica. However, no detail on how different strategies or interventions to support private sector development are coordinated or articulated can be found in either the main text of the CSP or in its Annex 4, “Assessment of Private Sector Development”. In terms of PSD programmes supported by the EC, the Financing Proposal for the PSDP includes an Integrated Framework providing information on who is doing what in private sector development. During programme implementation, it is intended to improve and maintain the framework as a tool for donor co-ordination and, further, the findings of the feasibility study and the proposed programme PSDP were presented to the other donors on May 7 2003.</p> <p>As regards joint activities or programmes specific to the PSD sector, or possible complementarities or overlaps between these programmes, no evidence was found by the evaluation team. Two PSD programmes of similar nature were the EU Credit Scheme programme and the “Government of Jamaica-Government of the Netherlands Micro Finance Programme” but it is difficult to say whether or not there was an overlap between these two programmes. The team did not find sufficiently detailed information on the beneficiaries of these (or other) PSD programmes to be able to ascertain whether beneficiaries were receiving support from more than one programme.</p>

EQ 9 - Cross-cutting issues

Do the EC PSD interventions show concern for Cross Cutting Issues (CCI) such as promoting women led enterprises, ensuring acceptable working conditions notably for women, protecting the environment and promoting better governance practices?	
9.2	CCI are taken into account in the PSD strategy and by programmes in Jamaica
The CSP explicitly refers to the following CCI: gender equality, environmental protection, institutional development and capacity building. But the PSD strategy in Jamaica does not take directly into account any CCI. Credit scheme and TDP programme documents briefly mention environmental and gender issues. An environmental impact assessment of the sub-projects as criteria of selection was envisaged but during implementation this issue received little attention. As regards gender, no specific approach was considered, except that gender breakdown was introduced in the monitoring system.	
9.3	A CCI is treated through a specific project or programme in the frame of the PSD support in Jamaica rather than as an horizontal issue
There are no programmes especially devoted to crosscutting issues.	

5. Conclusions

5.1 Relevance and design

The objectives of EC support to PSD in Jamaica correspond to Jamaica's national policies and priorities for the sector and address some of the identified needs of the sector. They also correspond to the purpose of the Commission PSD strategy, as the aim of EC support to PSD in Jamaica is to increase competitiveness of the Private Sector.

The evaluation team has analyzed three programmes through which EC support to PSD in Jamaica has been implemented. Their objectives also correspond to some of the areas of intervention proposed by the Commission PSD strategy.

However, there are some important questions in terms of the application of the strategy: It is not clear whether the programmes implemented are the best way in which Community support to PSD can achieve its objectives, given its leverage position. The team has not found evidence of a detailed analysis, for example, of the different constraints faced by the private sector or of the reasons to intervene mainly at micro level rather than at the macro/institutional level.

Other issues regarding the design of the Commission PSD strategy in Jamaica include:

- The complementarity between EC support to transport sector and to private sector development is emphasised in the PSD but it is not sufficiently exploited when implementing the strategy. Further, this complementarity is not treated in Commission PSD strategy documents.
- Programmes at micro and meso level are combined, as it is the case in other countries. In particular, BDS are provided to firms through IOs, thus combining two different areas of intervention. This complementarity is not emphasised in Commission PSD strategy documents.
- BDS programmes do not seem to have evolved as expected and do not take into account the lessons learnt from past experience.

5.2 Effectiveness

In most cases, programmes do reach results but have a problem of outreach; their coverage is very limited. Interventions are focused on supporting a limited number of beneficiaries, in general without a global view of the sector's needs and constraints but often with a general discourse that justifies micro interventions. For example, BDS is still the main type of PSD intervention (with an IO component) but the lessons from the past seem not have not been sufficiently integrated.

5.3 Sustainability

In most cases, the effects of EC support are lasting for the individual firms that received it. However, for programmes aiming at encouraging the development of BDS or financial markets for SMEs, sustainability also implies a reinforcement of market conditions to ensure that services will continue to be provided after the programme ends. This has not been the case of the TDP; the new PRSP runs the same risk. As in the case of effectiveness, lessons from the past may not have been sufficiently taken into account.

5.4 Efficiency and the deconcentration process

The deconcentration process has allowed for quicker decision-making, closeness with beneficiaries and better knowledge of local situation. Thus, potentially, it also allows a better programme design. On the other hand, it has burdened the Delegation with new responsibilities. The Delegation has been reinforced with more personnel but yet training on specific areas is still needed. Additionally, because the day-to-day management of programmes do not leave much time to develop strategic aspects.

Lesson learning and sharing experience between different countries / regions has been limited in the past and deconcentration can worsen the situation – this hampers relevancy and effectiveness of EC support. In addition, the rate of rotation of personnel is hampering the accumulation of knowledge and experience.

5.5 Coherence

There is not sufficient articulation between ‘all-country’ programmes and bilateral programmes; although in Jamaica the Delegation seems knowledgeable of these programmes. The Delegation informs or suggests potential beneficiaries of the possibilities of these all-country programmes. Some all-country programmes (Europe-ACP Business Assistance Scheme EBAS, CDE) propose a support similar to that provided by bilateral programmes.

There is little reference (aside from a section, on general terms, on the CSP) to other EU policies (in spite of the importance of trade for Jamaica) to EC support to transport (in spite the fact that infrastructure is a main constraint to PSD) or to budget EC support (in spite of the effect that it may have on interest rates).

5.6 Coordination

Donor coordination is increasingly important in Jamaica and there are several platforms of discussion, however, PSD support could better exploit them. There is not much evidence of an active coordination between donors in the PSD sector.

5.7 Cross cutting issues

Cross cutting issues have not been integrated in a systematic way in PSD programmes. Credit to micro-enterprises shows “gender sensitivity” but because credit agencies consider women-led enterprises as more reliable, not because the programme has integrated this aspect in some way. BDS-type programmes do not include gender or environmental clauses. Governance is an important issue in Jamaica but is not treated by the EC support to PSD.

ANNEXES

Annex 1 - People interviewed

Delegation

Organization	Name	Title
Delegation EC – Jamaica	Ambjörn Berglund	First Counsellor
Delegation EC – Jamaica	Alex O’Riordan	Economic & Social Development Section Manager
Delegation EC – Jamaica	Malado Kaba	Economic & Social Development Section Manager
Delegation EC – Jamaica	Carlo Pettinato	Trade and Economic Cooperation Section Manager
Delegation EC – Jamaica	Stefan Szepesi	Task Manager

Local authorities

Organization	Name	Title
JAMPRO	Patricia Francis	President
Planning Institute of Jamaica	Dianne Davis	National Authorising Officer

Programme Management Unit/Technical Assistance/Operators

Organization	Name	Title
JAMPRO	Berletta Forrester	Manager Business Facilitation Department – TDP
JAMPRO	Desmond Shakespeare	Consultant Export Promotion – TDP
MIDA	Vivian Chin	Director
Ministry of Commerce and Technology	Reginald Budhan	Director – (Ex-Credit Scheme)
Ministry of Industry and Tourism	Asquith Brown	GOJ SME Coordinating and Monitoring Unit
Pan Caribbean Bank	Arnie Francis	Relationship Manager, Corporate Banking
Pan Caribbean Bank	Henry Pratt	Senior Vice President & General Manager
PMU PSDP	Michael Julien	Technical Assistant
PMU TDP and PSDP	Delaine Morgan	Project Manager TDP & PSDP
PSOJ	Lola Fong-Wright	

Beneficiaries

Firm or Organization	Name	Title
Benjamin's	Yvette Carrington	Export Manager
Benjamin's	Yvonne Johnson	Marketing Consultant
Jamaica Exporters Association	Jean Smith	Director of Export Services
Jamaica Manufacturers' Association	Nicola Gordon-Rowe	Executive Director
Just Kids	Mrs. Dahlia Smith-Forrest	Director
Leder Mode	Gary Wallace	Business Manager

Annex 2 - Documents consulted

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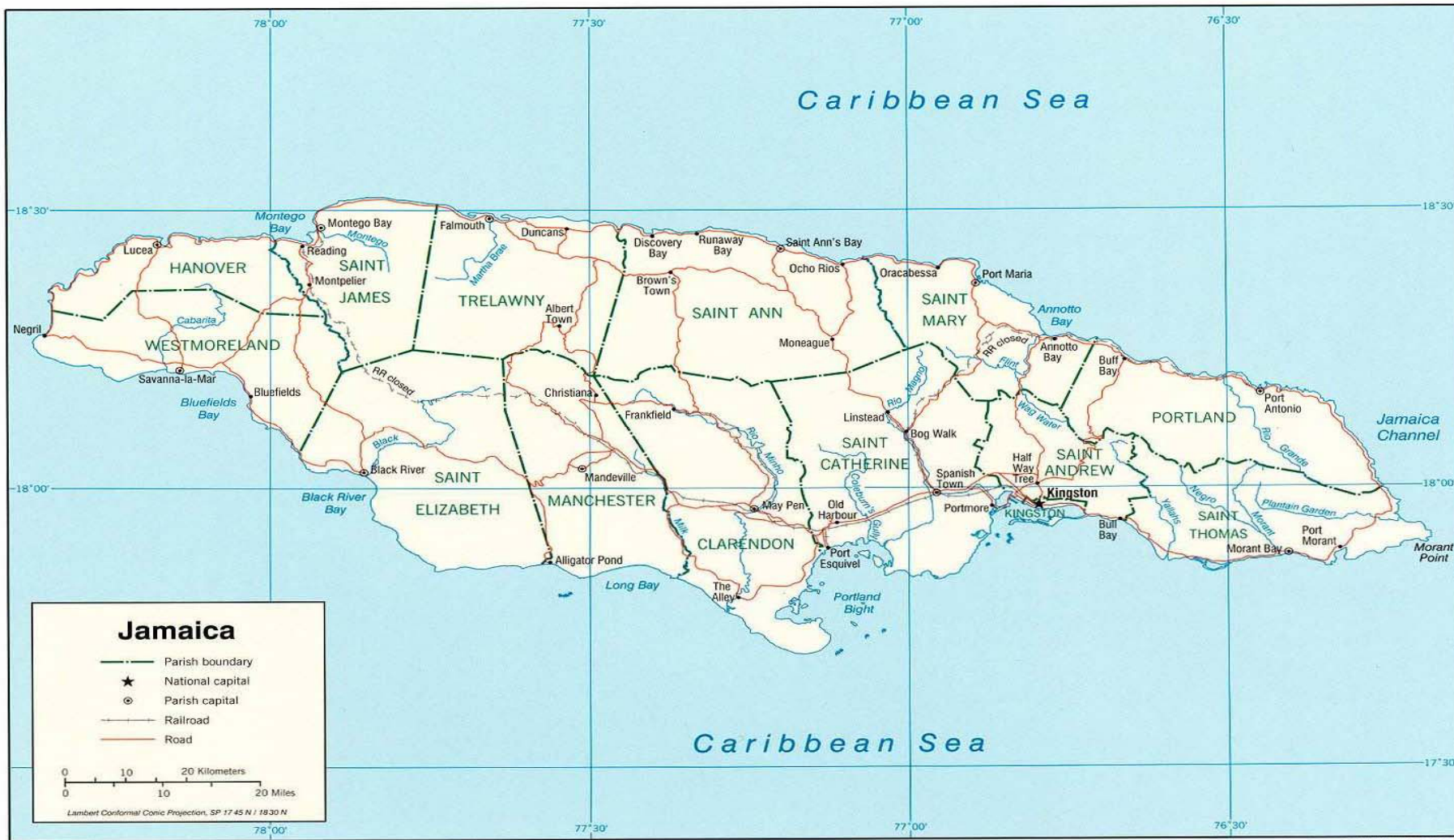
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Annex 3 - Map of the country



Annex 4 - List of programmes

Programme number	Programme title	Planned (€)	Source of financing
5 ACP JM 40 6 ACP JM 33 6 ACP JM 36 7 ACP JM 12	Credit Scheme for Micro and Small Enterprises	7'000,000	EDF
8 ACP JM 4	Trade Development Project	6'000,000	EDF
9 ACP JM 1	Private Sector Development Programme – Competitive Jamaica	20'000,000	EDF

Annex 5 - Programme sheets

Programme No 1 Credit Scheme for Micro and Small Enterprises

1. Programme identification data

Title	CREDIT SCHEME FOR MICRO AND SMALL ENTERPRISES
Number	5 ACP JM 40, 6 ACP JM 33, 6 ACP JM 36, 7 ACP JM 12
Source of Financing	5 th , 6 th and 7 th EDF
Financing decision	08/03/1993
Financing agreement	18/08/1993
Start date	01/05/1995
Planned end-date	01/07/2001
Total Budget	7,000,000 ECU
EC Budget (committed)	7,000,000 ECU
EC Budget contracted as of 30/04/2005	7,000,000 ECU
Disbursements as of 30/04/2005	7,000,000 ECU
Beneficiary	Ministry of Finance and Planning
Operator (if different from Beneficiary)	Ministry of Investment and Industry (Now the Ministry of Industry and Tourism)

2. Budget

Budget Item	€	%
1. Credit Line	6,100,000	87%
2. Supplies (MIS System)	177,000	3%
3. Technical Assistance	623,000	9%
Coordination Unit	250,500	40%
Training Managers	35,000	6%
Training Officers	100,000	16%
Training Entrepreneurs (JCCUL, NDF/J, ASSIT/EDT/COPE)	137,000	22%
Training EIA	20,000	3%
Marketing and Promotion	10,500	2%
Consultancy Regulations	70,000	11%
4. Evaluation and Contingencies	100,000	1%
Total	7,000,000	100%

3. Global objectives

na.

4. Specific objectives

The original financial agreement identifies the specific objectives of the programme as follows:

“to increase the quantum and accessibility of credit to the sector”.

There is a more detailed paragraph that states “The purpose of this programme is to increase the amount and accessibility of credit sector by establishing a credit-line, providing TA/training and MIS systems to support lending institutions and assisting GOJ in creating a sound regulatory framework for the sector.”

The revised programme plan states that the overall objectives of the programme “are twofold:

- first to enhance the business and investment environment and stimulate business creation by micro and small enterprises by providing loan funds and technical assistance resources to credit institutions that serve this sector;
- to improve Jamaica’s MSE framework by providing policy advise on appropriate ways to strengthen institutional support, financial sector policies, the fiscal and regulatory framework and skills development and business support services within that sector.”

5. Expected Results

The original Financial Agreement identifies the following expected results to be reached during the two years of duration of the scheme:

- meet the 9% of annual demand for MSE credit,
- benefit 2,300 work projects,
- create 4,000 employment opportunities,
- provide business counselling/training to 2,300 entrepreneurs,
- train 120 project-officers from Participating Credit Institutions (PCIs),
- results for the regulatory changes can only be quantified during the implementation.

The revised programme the following results were expected:

Through the Small Business Loan Programme (SBLP):

- Disbursement of 3,904 MECU through the Small Business Loan Programme to 16-20 PCIs.
- On-lending of this amount to 1,500 small and micro business at an average of 250,000 JM dollars per loan.

Through the pilot Micro Enterprise Loan Programme (MELP):

- disbursement of 976,000 ECU through the Micro Investment Development Agency (MIDA) to 6-10 rural credit organizations called Community Development Funds;
- the financing of 500 micro enterprise sub-loans with an average loan size of 80,000 JM dollars per sub-loan.

Through the Technical Assistance:

- upgrading of PCI loan administration systems and practices in at least 3 participating credit institutions;
- upgrading of financial managements and loan administration practices systems in 6-10 Community Development Funds (or approximately 25% of those institutions).

6. Activities

1. Small Business Loan Programme (SBLP) managed by Trafalgar Development Bank (TDB) through accredited retailers among well established credit institutions.
2. Micro Enterprise Loan Programme (MELP) implemented by Micro Investment Development Agency (MIDA) through selected Community Development Funds.
3. Technical Assistance, training and Supplies.
4. Monitoring and Environmental Fund.

7. Results & Impacts

Up to December 2002 a credit line was available to provide credit facilities to Micro and Small enterprises for an amount of 399,5 MJ\$.

The beneficiaries were effectively the ones targeted Micro and Small enterprises as show the following table.

Size of the borrower enterprises by number of employees:

Number of employees	SBLP/ TDB	MELP/ MIDA
1	20%	12%
2-4	67%	75%
5-9	8%	12%
10+	5%	1%

A Monitoring and Implementation System was in place, which permit to collect basic data on loans and sub-loans. Results indicators are as follows:

	SBLP/TDB	MELP/MIDA
Disbursements	327,5 MJ\$	72MJ\$
Number of sub-loans	1,470	784
Average loan size	222,768.51	74,896.12
Gender repartition (number of sub-loans)	Male: 682 (46%) Female: 788 (54%)	Male: 322 (41%) Female: 462 (59%)
Gender repartition (in value terms)	Male: 59% Female: 41%	Male: NA Female: NA
Geographical repartition (number of sub-loans)	Kingston – St Andrew: 28% St Catherine: 27% Westmoreland: 20% 7 other parishes: 25%	Portland: 29% St Catherine: 18% Clarendon: 18% 9 other Parishes: 35% Notice that only 2% of the sub-loans were made in Kingston. No loans were made in St. Andrew and St. Thomas.
Age repartition (number of sub-loans)	< 35 years: 30% >36 <45 years: 40% >45 <55 years: 30%	< 35 years: 32% >36 <45 years: 41% >45 <55 years: 27%
Major sectors (number of sub-loans)	Trading: 47% Road transportation: 7% Agricultural: 11%	Trading: 43% (included food and beverage: 17%) Agricultural: 21%
Major sectors (sectoral repartition of value of the sub-loans)	Trading: 32% Road transportation: 15% Agricultural: 12%	Trading: 44% (food and beverage: 16%) Agricultural: 19%
Size repartition of the sub-loans	< 35,000: 21% % loans 35,000 – 100,000: 34% % loans > 100,000: 45%	< 100,000: 86%
Duration of the sub-loans	< 36 months: 86% >36 <60 months: 14%	< 24months: 99%
Average of time from the application to the disbursement	172 days	52 days

Source: February 2003, GOJ SME Coordinating & Monitoring Unit – Ministry of Industry & Tourism, December 2002, Quarterly Report, February 2003.

No impact indicators were collected. A final evaluation was never contracted.

Only data is available for employments generated a sustained through the SBLP as shows the following table:

	SBLP/TDB
Employment Generated (new)	1,877
Employment Sustained	1,470

8. Problems encountered

The financing contract that states the conditions for the loan between the European Community and the State of Jamaica was only signed in February 1995, while the financial agreement dates back to 1993.

In May 1995 the GOJ drew down the first of the four tranches of the EDF loan. The apex institution was the Eagle Merchant Bank of Jamaica (EMBJ).

The disbursements from the GOJ to the EMBJ were suspended in February 1996 due to the combination of unresolved administrative conflicts between the Coordinating & Monitoring Unit (CMU) and EMBJ, the banks preference for refinancing larger sub-loans as well as its reluctance to address PCI loan administration weaknesses.

In September 1997 the programme was reactivated based in a revised programme plan, which was completed in December 1997.

The key modifications are:

1. On-lending through two new wholesalers, one selected by tender and the other MIDA in order to address in a best way the micro and the small enterprises.
2. The GOJ will assume the risk on credit transactions.
3. Reduction of the loan size from 278.606 JM dollars to 250.000 JM dollars.
4. Provision of rural micro enterprises.
5. Improving the loan administration capacity of participating retail institutions to improve their loan recovery rates and ensure that their default levels are in line with international best practices.

A rider to the financial agreement was signed in July 9 1998 between the Deputy Chief Authorizing Officer of the EDF and the Minister of Finance and Planning changing the Technical and Administrative Provisions for Implementation in line with the revised programme plan.

During the implementation much more weight was given to the execution of the credit line than to the improving of the environmental and the regulatory framework. Due to the difficulties the programme underwent the Technical Assistance budget was very much spent when the second phase of the programme began. From the initial 900,000€ grant only 339,262€ remained for the second phase.

Two agreements, with two new wholesalers, TDB (that became afterwards Pan Caribbean Bank and MIDA) were prepared in 1999 for a duration of three years. They were extended in April 2002.

Programme No 2 Trade Development Project

1. Programme identification data

Title	TRADE DEVELOPMENT PROJECT
Number	8 ACP JM 4
Source of financing	8 th EDF
Financing decision	15/12/1999
Financing agreement	26/03/1999
Start date	04/10/1999
Planned end-date	31/12/2005
Total Budget	6,000,000 EUR
EC Budget (committed)	6,000,000 EUR
EC Budget contracted	5,864,211.64 EUR
Disbursements	5,04,846.84 EUR
Beneficiary	National Authorizing Officer
Operator (if different from Beneficiary)	JAMPRO

2. Budget

Budget Item	Initial		After rider 2 and 3	
	€	%	€	%
1. Grant Fund	4,500,000	75%	3,663,000	61%
A. Business development facility (exporters)	3,500,000	58%	3,291,000	55%
B. Service provider facility	1,000,000	17%	372,000	6%
2. Project Management	930,000	16%	930,000	16%
A. External AT (approx.1000 man months @ 7,800)	780,000	13%	780,000	13%
B. Project related costs (travel, telephone, photo-copying, etc)	150,000	3%	150,000	3%
3. Technical Assistance	400,000	7%	1,237,000	21%
A. Fees for approx. 500 man days (after rider 1,440 man days)	250,000	4%	772,450	13%
B. Per Diem	75,000	1%	232,275	4%
C. Travel	75,000	1%	232,275	4%
4. Audits and Evaluation				
A. Annual external audits, mid-term review, final evaluation contingencies	170,000	3%	170,000	3%
Total	6,000,000	100%	6,000,000	100%

3. Global objectives

- To create sustainable trade and production growth through enhanced international competitiveness of Jamaican private sector companies.

4. Specific objectives

- Firstly, to increase the international competitiveness of private sector exporters.
- Secondly, to develop export and tourism related services.

5. Expected results

- Increased awareness at the company level of the need to invest in becoming more competitive to implement efficient management and business procedures.

6. Activities

- Needs Identification Facility: Company of sub-sector (associations) diagnosis and facilitation in providing business plans.
- Business development Facility: 50% of the cost of business development services can be financed to eligible companies.
- Service Provider Facility: Coverage of 50% of the cost of upgrading skills of both public and private sector service providers: training, accreditations, obtaining work experiences, providing technical assistance or carrying out awareness campaigns.

7. Results and Impacts

Already in 2002 almost all of the quantified results were reached and some surpassed. During 2003 and 2004 the programme chose not to go beyond this numbers but to deepen the service provide to the beneficiaries.

There is no data for the overall performance and the final activity report is not yet available. The information available at progress report level is not recapitulated in one document.

General activity data can be provided: 631 enquiries where received, 34 diagnostics were undertook, 37 business plans were developed with TDP resources and 56 companies accessed technical assistance. All this indicators were at least reached and in some cases went beyond the targets established initially.

Sales performance (export and local) is available for a group of 10 enterprises followed up from 2001 to 2004. All shows good increases of the sales numbers in the export market but also in the local market. Among them there are two new exporters.

Sales performance of a sample of 10 TDP beneficiaries aver three years

	Sales	2001	% Change	2002	% Change	2003	% Overall Change
SME's (5)	Export	11.238.288	46,26%	16.436.928	7,95%	17.742.903	57,87%
LC's (5)	Export	42.546.101	16,60%	49.607.794	43,25%	71.062.392	67,02%
Overall	Export	53.784.389	22,80%	66.044.722	34,46%	88.805.296	65,11%
SME's	Local	61.106.063	42,99%	76.905.531	16,05%	89.246.238	46,05%
LC's	Local	14.774.613	22,70%	18.127.712	0,67%	18.248.961	23,51%
Overall	Local	46.331.450	38,15%	58.777.819	20,79%	70.997.277	53,23%

The co sharing 50-50 increased the ownership of the beneficiaries companies and encourages them to take cautions steps and not extend themselves beyond their financial limits.

8. Problems encountered

Three requests for riders were submitted to the European Commission. Rider number 1 permitted to the programme was monitored (ROM system) four times. These reports bring interesting information about the difficulties encountered during the implementation.

During the first two years the staffing of the Programme Management Unit (PMU) seems to be lower than planned.

Since the beginning (first monitoring report) the BDGF seems to be too big for the number of companies targeted (30). Absorption problems were foreseen also in the second monitoring report and point out the difficulties of the companies to find money for their counterpart. The sub-projects where finally smaller than foreseen this explains why the number of companies assisted were higher than the target.

Service provider facility experienced very little demand. The number of applications was very low. Service providers were in fact benefiting already from the programme through TDP contracts that they received for diagnostics, business plans. A proactive attitude of the PMU permitted to implement the activities with IO. The selection of the sub-projects does not.

Programme No 3 Private Sector Development Programme – Competitive Jamaica

1. Programme identification data

Title	Private sector Development Programme – Competitive Jamaica
Number	9 ACP JM 1
Source of financing	9 th EDF
Financing decision	16/12/2003
Financing agreement	12/03/2004
Start date	12/03/2004
Planned end-date	11/03/2008
Total Budget	28,700,000€
EC Budget (committed)	20,000,000€
EC Budget contracted	5,159,642 €
Disbursements	702,380 €
Beneficiary	National Authorising Officer
Operator (if different from Beneficiary)	JAMPRO

2. Budget

Budget Item	€	%
1. Empowerment of PSO in the local economic environment	1,850,000	9.3%
2. Enhancing enterprise competitiveness through the strengthening of the BDS system	12,500,000	62.5%
3. SME's access to corporate finance	720,000	3.6%
4. PMU, TA, audit, monitoring & evaluation, promotion	2,950,000	14.7%
5. Contingencies	1,980,000	9.9%
Total	20,000,000	100%

3. Global objectives

- To enhance the perspectives of socio-economic development through the strengthening of the private sector in Jamaica, in the challenging context of globalisation and the liberalisation of the economy.

4. Specific objectives

- The programme aims specifically at enhancing the competitiveness of micro, small and medium size Jamaican enterprises and strengthening their support and representative organisations.

5. Expected Results

- Empowerment of private sector organisations in the local economic environment.
- System of provision and delivery of relevant Business Development Services developed both through demand and supply driven initiatives.
- Access to corporate finance enhanced for SMEs.

6. Activities

- Empowerment of private sector organisations in the local economic environment:
 - setting-up and operation of a Competitiveness Committee;
 - implementation of a cost sharing capacity building scheme dedicated to intermediary organizations
- Enhancing enterprise competitiveness through the strengthening of the BDS system:
 - implementation by private sector organizations and support institutions of a cost-sharing Business Development Service Scheme;
 - direct support to enterprises, which will take place by means of several categories of activities:
 - export promotion: Organization of market penetration initiatives and setting up of export centres;
 - group initiatives: promotion of clusters and consortia BDS;
 - provision of hand holding activities setting up of info-points and up-grading and rating of enterprises.
- Corporate finance:
 - design and establishment, if appropriate, on the basis of a detailed feasibility study, of a Mutual Guarantee Company(ies) on a pilot basis;
 - setting up of the Corporate Finance Broker.

7. Results and Impacts

The implementation of the programme has not yet begun; no results were reached at this point.

8. Problems encountered

The programme has already cumulated one-year delay.

The 9th EDF procedures require a financial guarantee when the implementation is managed by an executive agency. It took a year to obtain the financial guarantee for JAMPRO. The programme can begin to start now.

The design of the PSDP has many deficits. The PSDP is in its majority the continuation of the TDP, it integrates the learned lessons from the TDP but continue to operate on individual enterprises level.

These operators have been point out during the identification. Still not very clear what are the comparative advantages of Jamaica Business Development Centre (JBDC) and Private Sector Organisations of Jamaica (PSOJ) as co-managers of the programme as competitive process has not been undertaken.

Further this situation put them in certain components on an uncomfortable position of manager and potential beneficiary. The conflict of interest must be resolved to normalise the implementation process.

Annex 6 - Evaluation Questions Grid

EQ 2 – Overall design of the strategy

<p>Is the EU PSD strategy in terms of “expected results” well designed to ensure the realisation of the purpose of strengthening the business sector with a view to contribute to the overall objectives of the EU external policy?</p> <p>A. To what extent is each area of intervention (“expected results”) relevant in terms of contribution to the purpose?</p> <p>B. Is its success dependent on certain conditions (another expected result or some other ‘external’ factor)? If yes, which ones? Have they been identified in EU PSD strategy documents?</p> <p>C. Is the set of fields of actions comprehensive (are some essential fields missing (for example, role of champions)?</p> <p>D. Is it well structured:</p> <ol style="list-style-type: none"> i. Are there potential complementarities and synergies between expected results and have they been identified? ii. Are there possible contradictions between fields and have they been identified? iii. Should there be a prioritisation?
<p>2B.1 Conditions to reach the expected results exist</p>
<p>2B.1.3 <i>Country missions provide examples from such conditions</i></p>
<p>The Country Strategy Paper (CSP) 20021-2007 indicates as main assumptions for the support to PSD, the following macroeconomic and institutional elements:</p> <ul style="list-style-type: none"> ▪ Exchange rate policy conducive to maintaining competitiveness. ▪ Simplification of investment incentive system and reduction in administrative barriers for SMEs. ▪ Reform in labour legislation. ▪ Stable industrial relations. ▪ Sufficient funding available for SME financing through financial markets/banking system; ▪ Affordable interest rates for SME. <p>The CSP 2002-2007 also describes the policy agenda of the GOJ in terms of its economic, political and social policies (described in Section 3) and assumes that the GOJ will continue on this track. Overall, several written and oral sources have indicated that the GOJ remains committed to implementing those policies although more progress still needs to be made in certain areas, particularly those related to crime, violence and corruption.</p> <p>In summary, as these CSP ‘assumptions’ can be understood as ‘conditions’, it can be said that the conditions for attaining the expected results (of PSD support) do exist and are explicit in the CSP. However, they are formulated in a general manner in that they are not linked to the different programmes being implemented. Programme documents mostly indicate the same type of conditions (or assumptions); i.e. broad assumption. Further, it is not clear whether and how the strategy to support PSD in Jamaica could be adapted if the identified assumptions are not borne out. It should, nonetheless, be compared with and qualified by the situation in the other focal sector of support, namely transport. As the GOJ has not made sufficient progress in the road sector as was assumed would be the case, the Delegation currently suggests adjusting support to the transport sector in a significant manner.</p>

2D.1 There are potential complementarities and synergies between expected results
2D.1.3 <i>Country missions provide examples of such complementarities</i>
<p>Current and past Community support to PSD in Jamaica concentrates at micro- and meso-levels through the Credit Scheme (7th and 8th EDF), Target Europe (7th and 8th EDF), Trade Development Project (TDP) (8th and 9th EDF) and Private Sector Development Programme (PSDP) (9th EDF) programmes. Except for the first, programmes have been sequential and quite similar in nature, i.e. focused on the same expected results (non-financial services and support to IOs). Therefore one cannot identify complementarities and synergies between the results expected from these three programmes.</p> <p>The Credit Scheme programme (focused on financial services) runs in parallel to the Target Europe and TDP programmes. The team did not find evidence of intended complementarities or synergies between the programmes. No conflicts were identified either.</p> <p>It is worth noting, nonetheless, that complementarities and synergies between expected results are recognized in an implicit way. Indeed, the three programmes (Target Europe, TDP and PSDP) focusing on non-financial services have multiple components and are implemented at different levels. At micro level, they benefit private firms requiring business development services and at meso level, they benefit intermediate organisations in their capacity of service providers.</p>
2D.2 Prioritisation of areas of intervention (expected results) leads to a better realisation of the purpose
2D.2.3 <i>Country missions provide examples of such issue</i>
No prioritisation of the expected results was done in the case of Jamaica and thus it cannot be said whether that led to better realisation of the purpose (namely increased competitiveness of the business sector).

EQ 3 – Relevance of PSD strategy in a given country

<p>For a given country,</p> <p>A. Does the selection of the areas of intervention correspond to the EU PSD strategy?</p> <p>B. Does the selection of the areas of intervention correspond to clearly identified priority needs of this country to increase the competitiveness of the business sector with the view to contribute to the overall objectives of the EU external policy?</p>	
3A.1	The areas of intervention (expect results) in Jamaica correspond to the areas proposed in the EC PSD strategy
<i>3A.1.1 Correspondence between the areas of intervention (expect results) in Jamaica and the EC PSD strategy</i>	
<p>Programmes implemented in Jamaica broadly correspond to the expected results of the CEC PSD strategy:</p> <ul style="list-style-type: none"> ▪ Credit Scheme can be linked to the second ‘expected result’: reinforcement of financial markets. ▪ TDP can be linked to the third and fifth: enhancement of IOs’ capacity and reinforcement of Business Development Services (BDS) markets. ▪ PSDP can also be linked to the ‘expected results’ of IOs’ capacity and reinforcement of BDS markets as well as to reinforcement of financial markets. Further, the programme includes the possibility of actions corresponding to a more conducive framework for PSD. <p>However, it should be noted that the objectives of the different programmes are not always exactly in line with the CEC PSD strategy:</p> <ul style="list-style-type: none"> ▪ The Credit Scheme programme covered more than providing credits to SMEs, it also included supporting the framework of supply, although during the implementation of the programme it seems that the execution of the credit line became the main objective, to the detriment of the reinforcement of the regulatory and institutional framework. ▪ The TDP programme had as specific objectives, first, to increase the international competitiveness of private sector exporters (which is the purpose of the CEC PSD strategy) and, second, to develop export- and tourism-related services. It was intended to reach these objectives through the provision of subsidised classical business development services without much concern for the development of a <i>sustainable demand and supply</i> of such services. ▪ The implementation of the PSDP programme has not yet started but its expected results are: (i) empowerment of private sector organisations in the local economic environment; (ii) provision and delivery of relevant Business Development Services developed both through demand- and supply-driven initiatives; and (iii) access to corporate finance enhanced for SMEs. The formulation of the second expected result seems to correspond to the CEC PSD strategy but the team has not found any evidence on how actually the programme will ensure a sustainable supply of BDS. 	
3B.1	The selected areas of intervention (expect results) correspond to clearly identified needs of Jamaica in terms of PSD
<i>3B.1.1 Correspondence between selected areas of intervention (expect results) and clearly identified priority needs of Jamaica in terms of PSD</i>	
<p>According to most sources⁸ the main challenge of Jamaica’s private sector development is to accelerate growth by improving competitiveness in a context of budgetary constraint. Indeed, Jamaica’s growth potential has not been yet been realized due mainly to macro-economic, institutional and regulatory</p>	

⁸ Sources include: the GOJ’s Medium Term Framework (2005), World Bank’s study The Road to Sustained Growth (2005), the European Community’s Country Strategy Paper and National Indicative Programme for the Period 2001-2007, the World Bank’s Country Assistance Strategy 2000, and several interviews.

constraints which have reduced the efficiency of and the incentives for private investment. These constraints include:

- high cost of capital -due to the high interest rates on treasury bills;
- high rate of real wages;
- high real exchange rate;
- the direct and indirect cost of crime and security –Jamaica has one of the highest rates of crime in the world- (see section 3);
- inadequate infrastructure (water, transport, power supply); and
- high rate of migration of qualified workers – as high as 80% of tertiary graduates.

It is worth to notice that, for most observers, external trade regime does not pose major issues for Jamaica. Indeed as presented in Section 3, Jamaica is a very open economy, with few trade barriers. Trade reforms accelerated from 1991 onward, along with the introduction of capital account convertibility. Jamaica also undertook significant tariff reform after 1991 which reduced the average tariff from 20.3% to 8.9% in 2002. In 1991, it eliminated all quantitative restrictions and licensing requirements for exports and imports. As presented by WB (2004, page 156), Jamaica is considered as a “globalizer”, meaning that it is in the top one-third of a group of 72 developing countries in terms of their increase in trade relative to GDP between 1975-79 and 1995-97.

In order to tackle these constraints, the government is engaged in continuing to disengage from productive activities and to focus on its role of policy maker, regulator and enabler with a view to creating a stable macro-economic environment which provides for competitive levels of key relative prices (interest rates, real exchange rates and real wage rates) and thus lowers the cost of doing business in Jamaica. Its strategy comprises provision of:

- a stable macro economic framework;
- a positive enabling environment;
- a competitive REER; and
- improving the operating environment with respect to the availability of appropriately skilled manpower and reliable and cost effective infrastructure.

The first two elements are to be provided by a comprehensive macro-economic framework composed by a monetary and exchange rate policy aiming to maintain a stable environment and inflation rates converging to those of Jamaica’s main trading partners, and a fiscal policy aiming at a balanced budget in 2005/06 –it is to recall that to stabilize the debt at current ratios a primary surplus of 10% is needed-. A freeze on recruitment on the civil service, negotiation of reductions of real wages and salaries, and possibly a tax reform are also in the agenda. It is expected that private sector development will benefit from the implementation of such macro-economic framework primarily through its impact on interest rates and the availability of credit to the productive sectors.

The second two elements of the strategy are to be provided by specific measures including:

- Different measures to reach a competitive REER. The GOJ recognizes the importance of the REER for the competitiveness of Jamaica’s export oriented productive sector and confirms its commitment to preserving external competitiveness but also notes the trade-off implied: while a decrease of the REER favours competitiveness, it also increases foreign public debt. Therefore it also proposes to improve competitiveness through non-price channels, such as improvements to infrastructure, continued modernization of the public sector, the reduction of bureaucracy and the continued reform of the education system.
- Implementation of a national crime plan to reduce the direct and indirect costs of crime and security.
- Provision of Training and Technical Assistance. GOJ intends to continue its policies of providing training and technical assistance to the productive sectors within the limits of a budgetary constraint and with the general aim of upgrading management and enhance quality of production (in sectors such as agriculture, tourism, apparel). It also aims to build a public private partnership and encourages larger private sector ownership in order to enhance effectiveness of those programmes. For instance, the GOJ intends to explore ways of progressively shifting the responsibility for management and funding

to business associations or organizations. The role of IDPs is also pointed out, particularly through the support they provide to promotional agencies such as JAMPRO.

Within this context, current EC support to PSD in Jamaica -through the PSDP- corresponds to one identified priority, namely the provision of training and technical assistance with the aim of upgrading management and enhance quality of production.

3B.1.2 Correspondence between PSD strategy in the country and national priorities or policies

Jamaica's current National Development Strategy is based on the Government's Medium Term Socio-Economic Policy Framework 2004-2007 (MTSEPF). The MTSEPF builds on the overarching policy framework established in the 1996 National Industrial Policy (NIP), which was designed to provide a systematic and comprehensive approach to development and on the 2000 Medium-Term Strategy (MTS). The MTS presents the GOJ vision for "an efficient, globally competitive and growing economy, creating jobs for a vibrant healthy and educated population, caring for its environment in a just, secure and equitable society". It also recognises that for this vision to be attained, medium term imperatives must focus on the resumption and acceleration of economic growth as a basis for employment creation and improvement in living standards and reducing poverty. The MTS present a development strategy based on four components:

1. Restoring Economic Growth:
 - rehabilitating the financial sector,
 - consolidating fiscal policy,
 - strengthening the framework for private investment.
2. Protecting the Poor and Ensuring Inclusion:
 - enhancing the efficiency and effectiveness of social safety nets,
 - improving educational access and outcomes,
 - improving health services,
 - stimulating labour-intensive growth.
3. Improving Governance, Efficiency and Effectiveness in the Public Sector:
 - divesting from commercial activities,
 - improving management and information systems,
 - reforming public management and incentives.
4. Ensuring Sustainable Development:
 - generating synergy in the environment-economic relationship
 - stimulating sustainable agricultural development,
 - linking tourism and sustainable development,
 - improving disaster preparedness.

The MTSEPF continue the same policy orientations and provides, for the medium term, a "systematic, holistic and comprehensive approach to development of the country into the 21st century". It presents GOJ's development priorities and the articulation between the overall strategy and government's public expenditure programme as reflected in the medium term public sector investment programme. In particular it stated that the objective for the productive sectors is - as in the 1996 National Industry Plan - "to resume growth with employment creation and that growth is expected to be led by the private sector taking advantage of the comparative advantages of Jamaica in terms of natural resources, location and climate" (MTSEPF, page 25). It further presents the policy framework as indicated under 3B.1.1.

Thus, the development of the private sector and the importance of increasing private sector competitiveness continue to be at the core of the government's policies. The overall objective of EC support to PSD in Jamaica is "achieving sustainable private sector growth and employment creation" and the purpose is "improving competitiveness of the SME sector" (CSP, page 28). It can therefore be said that at the level of objectives, EC support corresponds to national priorities and policies, which justifies the choice made under the 9th EDF to provide support to PSD as one of the two focal sectors.

Table 1 – EC Intervention Framework for PSD

Sector: Private Sector Development	PERFORMANCE INDICATORS	STATUS 2002	TARGET 2003	TARGET 2004	TARGETS 2005	SOURCE OF INFORMATION	ASSUMPTIONS
NATIONAL SECTOR TARGET: To achieve export-led sustainable growth with increase in production for export and domestic markets and creation of employment	<ul style="list-style-type: none"> - stable inflation rate maintained - containment of public sector deficit - Increase in bank credit to private sector 	<p>Fiscal Year 2002/03 6.2 % inflation rate</p> <p>8.8% of GDP</p> <p>37.6%</p>	<p>Fiscal Year 2003/04 *13 -14% inflation</p> <p>*9.6% GDP</p> <p>*34.7%</p>	<p>Fiscal Year 2004/05 *7% - 8% inflation</p> <p>*7.2 % of GDP</p> <p>*11.9%</p>	<p>Fiscal Year 2005/06 *6%-7% inflation</p> <p>*7.2% GDP</p> <p>*10.9%</p>	<p>STATIN- Consumer Price Indices; Ministry of Finance- Fiscal Accounts; Bank of Jamaica- Monetary Statistics</p>	<p>Sound political, social and macro-economic framework</p>
INTERVENTIONS: Improve the competitiveness of both private sector organizations and private sector enterprises within the challenging context of globalization	<ul style="list-style-type: none"> - Increase in non-traditional Exports - Increase membership in private sector organizations (PSO). 	<p>Non-traditional exports was affected mainly by the decline in apparel sector; Various Government initiatives and incentives are in place to modernize industries, increase efficiency and accountability within the sector</p>	<p>2% Increase in non-traditional exports</p> <p>Introduce assistance programme to PSOs</p>	<p>2% Increase in non-traditional exports</p> <p>Start implementation of PSO assistance programme</p>	<p>2% Increase in non-traditional exports</p> <p>5% increase in membership</p>	<p>JAMPRO, PSOJ, Annual Reports and Surveys.</p>	<p>Continued Government Commitment to Macro Economic Reforms; Exchange Rate Policy Conducive to Maintaining Competitiveness; Simplification of Investment Incentive Systems; Reform Labour Legislation; Stable Industrial Relation.</p>
RESULTS: - Improved Business Dev. Services; - Access to Financial Services enhanced; - Management Capacity of enterprises and Business associations Strengthened - Policy Framework for SME updated	<ul style="list-style-type: none"> - Private Sector advisory and Competitiveness Committee established - Private Sector Organizations strengthened - Firms assisted through cost sharing scheme - Access to information for exporting and business establishment and operation improved 	<p>Policy framework for SMEs under review</p>	<ul style="list-style-type: none"> - Introduce Competitiveness Committee to private sector - Introduce assistance programme to PSOs Participated in regional CARICOM conference for SMEs policy 	<ul style="list-style-type: none"> - competitiveness Committee formed with regular meetings - 2 survey undertaken - 3 PSO strengthened - 20 firms assisted under cost sharing scheme - 100 firms receiving assistance through information centres 	<ul style="list-style-type: none"> - (4) surveys undertaken (3) PSO strengthened 20 firms assisted under cost sharing scheme - 500 firms receiving assistance through information centres 	<p>Project Management Unit Reports, JAMPRO, Ministry of Industry & Tourism reports, OPM Minister of Development Reports</p>	<p>Government and Private Sector willingness to establish Committee</p>

Source: EC Annual report 2002.

EQ 4.2 - Effectiveness – Reinforcing financial markets

<p>To what extent did EC interventions reinforce financial markets?</p>
<p>42.1 The appropriate framework for supplying well-developed and efficient financial services for SME is reinforced</p>
<p><i>42.1.1 The objective of the programme corresponds to the expected result proposed by the CEC PSD strategy</i></p>
<p>The specific objective of Credit Scheme for Micro and Small Enterprises Programme in its original version of 1992 was “to increase the quantum and accessibility of credit to the sector” this very broad objective was further defined through its activities: the establishment of a credit line, the provision of Technical Assistance (TA) and/or training and Monitoring and Implementations System (MIS) system to support lending institutions and to assist GOJ in creating a sound regulatory framework for the sector.</p> <p>The revised programme plan of 1997 foresaw to provide (i) loan funds; (ii) TA to participating financing institutions; and (iii) policy advice to the GOJ to strengthen the institutional framework (i.e. fiscal and regulatory framework and financial sector policies).</p> <p>The Credit Scheme programme was designed in 1992 and reviewed in 1997. In addition to the execution of the credit line, both the original and the reviewed programme design foresaw activities to, on the one hand, reinforce local financial institutions and, on the other, improve the regulatory framework. Therefore we can state that both versions correspond to the expected results of the current CEC PSD strategy. During implementation, however, the programme focused more on the execution of the credit line and the set up of a MIS than on the improvement of the regulatory framework. (See 42.1.3 and 42.1.4.).</p>
<p><i>42.1.2 The sustainability of the programme (i.e. its effects) are explicitly ensured from the first stage of the programme</i></p>
<p>For the Credit Scheme programme, factors ensuring sustainability were taken into account from the first stage of the programme.</p> <p>The original Financing Agreement foresees it at two levels. First, the programme underlines some undergoing policy measures as important factors to ensure sustainability: removing restrictions to foreign exchange transactions and to interest rate controls applicable to credit unions. Second, actions were planned with the aim to reinforce the sustainability of the intervention: creation of a policy environment to stimulate financial institutions lending to SMEs; strengthening the capacity of financial institutions to mobilize local resources; provision of MIS support to financial institutions; and training to Credit officers.</p> <p>The revised plan mentioned some requisites to ensure the sustainability of the scheme such as: demand for MSE credit remains strong; the viability of the sub-projects refinanced is reasonably ensured; and the administration capacity of participating lending institutions is sound. Additionally, the revised plan identified the factors that would influence demand for credits and the viability of the sub-projects. The importance of these factors encouraged the programme to directly address them. The factors were: (a) On the side of the government: a strong Government’s MSE sector policy in relation to interest rate policy; the introduction of fiscal incentives for MSE lending to commercial banks; the establishment of management standards for specialized lending institutions and actions that would facilitate public sector procurement linkages with the sector; and (b) on the side of participating financing institutions: capacity building to loan administration services and the encouragement of changes in the loan policy of participating credit institutions for relaxing sub-borrower collateral requirements.</p> <p>There is not evidence that the programme produced results in strengthening the Government’s MSE sector policy in relation to interest rate policy or to fiscal incentives for MSE lending by commercial banks; or in facilitating public sector procurement linkages with the sector. On the other hand, the programme did spread management methods among the participating credit institutions.</p>

42.1.3 *Result indicators originally foreseen in project documents and evidence that these indicators were followed up*

For the **Credit Scheme** programme, the Financing Agreement refers to monitoring indicators in the “project plan”. This document has not been identified; it can maybe be the financing proposal. The financing proposal includes an Annex G with Monitoring indicators and also an Annex H with some evaluation issues that can be understood as the results indicators.

The revised action plan (1997) provides monitoring indicators as Attachment 5. They correspond to the initial monitoring indicators and in some cases better define them.

These indicators were followed up which allowed the supervision of the credit supply. They continue to be used as a similar programme, managed by the GOJ and using same funds, is on going.

Precise data on credit provision is available on periodic Activity Reports (See programme sheet in Annex 5). It can be stated that the system set-up for the provision of credits was globally successful:

- During the programme (36 months until end of December 2002) 339.5 M\$J were disbursed through 2,254 subloans;
- Reimbursements rate was not followed as indicator (at any level) but there are references to marginal default rates. Funds did not erode during the period and even increased due to interest income of the loans as well as the interest income produce by investing the funds temporally not used for providing credits;
- The disbursement of funds through the Small Business loan Programme (SBLP) with Trafalgar Development Bank (TDB) as wholesaler is relatively less dynamic than the one through the Micro Enterprise Loan Programme (MELP) with MIDA as wholesaler. This table shows the situation December 31, 2002. The trend remains stable at present time.

Status of the Programme Funds as December 31, 2002 (in J\$)

	TDB	MIDA
Bank Balance	15,501,626.97	450,871.35
PCIs* loan balance	116,849,129.75	42,920,141.20
Investment	126,845,304.09	2,352,530.76
Total	259,196,060.81	45,723,543.31

* *Participating Credit Institutions*

Source: February 2003, GOJ SME Coordinating & Monitoring Unit – Ministry of Industry & Tourism, December 2002, Quarterly Report, February 2003.

It has been observed during the mission that the collaterals requested now by the retailers are not excessive and that default rates at borrower level is marginal. This can be the result of the training provided to participating credit institutions as well as the setting-up of a MIS.

Concerning the reinforcement of the institutional and regulatory framework there is no indicators or descriptions of the activities realised in any of the documents received. No evidence has been observed during the mission either.

The results indicators mentioned in Annex H as evaluation issues were never collected as the programme has never been evaluated.

42.1.4 *Other result indicators, such as: Ratio of credits demands to credits approvals (lower); Number of credits financed mobilizing private savings (higher); Cost to create a collateral (lower); Time for the credit approval procedure (shorter); Evidence of local financial institutions suffering distortions from EC programmes (in particular direct support to companies).*

The programme does not entail market distortions given its set-up. Interest rates to end-borrowers are freely determined by the retailers although the rate to the retailers is fixed and announced in the wholesaler agreement. Currently, as market interest rates have tended to decrease, the retailers' rate is above market rate and therefore, the programme become less attractive to retailers.

42.1.5 Internal or external (to the programme) factors that have enhanced or hampered the production of expected results or achievement of objectives of the programme

This programme was designed to last for two years. The actual implementation was much longer due, first, to the delays in signing the financing contract that states the conditions for the loan between the EC and the State of Jamaica and, second, to the one-year suspension of the programme to permit the replacement of the wholesaler and the review of the programme.

This delay did not have a significant effect in the execution of the credit line but it had serious impact on the technical assistance component. Much of the funds earmarked for these activities were spent during the first phase but no results were achieved. In fact, the team did not find evidence that the activities foreseen in this component were actually implemented.

Internal factors that enhanced the achievement of expected results are related to the design of the programme:

- The fact that the fund was constituted by a loan to the State of Jamaica encouraged ownership and allowed the continuation of the credit line once the programme ended (there was not procedural barriers on the side of the Commission that obliged to close out the fund at the end of the programme).
- The fund was managed through established credit institutions (wholesalers and retailers) that had a commercial interest to lend and to be repaid.
- The fact that the micro and the small enterprises were addressed by two different channels allowed the diversity of the retailers and enhanced microenterprises access to the fund.
- After the review of the programme, the fact that the GOJ assumed the risk of default helped the management of funds to be more dynamic.

EQ 4.3 – Effectiveness - Intermediate organisations (IO)

<p>A. To what extent did EC interventions help IO to increase their capacity to conduct a policy dialogue with the government;</p> <p>B. To what extent did EC interventions help IO to improve the quality or quantity of the services provided to and used by its members?</p>
<p>43A.1 Intermediate organizations have successfully promoted the interests of the private sector as a result of EC support</p>
<p><i>43A.1.1 The objective of the programme corresponds to the expected result proposed by the CEC PSD strategy</i></p>
<p>There is no programme aiming exclusively at supporting IOs in their capacity of promotion private sector interests. But in the TDP and the PSDP there are components that aim to support capacity building of the IO.</p> <p>TDP had a component “Service Provider Facility” (Component 3) through which grants were provided to cover up to 50% of the cost of upgrading skills for public and private providers of BDS. The definition of this facility was very broad and, in fact, it could have served also to support activities aiming to increase IOs’ capacities to promote the interest of the private sector.</p> <p>In the PSDP there is a component aiming at the “Empowerment of the Private Sector Organizations (PSO) in the local economic environment”. In this framework, a Competitiveness Committee (constituted by private sector and GOJ representatives) will be set up. It is foreseen that this committee will act as a forum where private sector interests will be discussed. The success of this committee will strongly depend on the final members of the Committee. This component also foresees to implement a cost-sharing capacity building scheme following the TDP experience.</p>
<p><i>43A.1.2 Result indicators originally foreseen in project documents and evidence that these indicators were followed up</i></p>
<p>The Financing Agreement of the TDP set as target for its Component 3 to support 15-20 local service providers to develop their specialized skills. There are no indicators to follow the improvement of performance of the IOs supported.</p> <p>Following the External Technical Assistance (ETA) Final Report 2002, 9 service providers were assisted among which 5 were PSO, 2 were public/private organizations and 2 private. According to the TDP closing speech, at the end of the programme, 15 service providers were assisted.</p> <p>In the basic documents of PSDP, there are no indicators identified that permit to follow up the PSO empowerment.</p>
<p><i>43A.1.3 Other result indicators, such as: Evidence of involvement of IO (particularly if supported by the EC) in policy orientation meetings; Example of policies that directly respond to the demands of the IO (particularly if those were supported by the EC); IO supported cover a significant part of local enterprises</i></p>
<p>TDP supported IOs in many different ways but not always with the aim to reinforce their representation capabilities.</p> <p>In the case of Jamaican Manufactures Association (JMA), support was comprehensive and covered many aspects through the design and the implementation of a Strategic Plan: board and members consultation, food shows, marketing campaign “Buy Jamaica”, and upgrading lobby capacities at national and international level (in particular, participation to Cancun Trade Negotiations which was the first time that a Jamaican private sector organization participated to such negotiations).</p> <p>The results of these activities are lasting. The enterprises members of the JMA appreciate and recognize spontaneously JMA important role in lobbying activities. A new Strategic Plan for the following period (the one financed by TDP covered 5 years) will be design by JMA following the methodology used by the TDP consultant. JMA will afford the cost internally.</p>

<p>There is no knowledge of other organizations supported in their activities to promote private sector interests.</p>
<p><i>43A.1.4 Internal or external (to the programme) factors that have enhanced or hampered the production of expected results or achievement of objectives of the programme</i></p>
<p>As TDP did not target particularly the IOs and their capacity to represent the private sector, results achieved in relation to this expected result are more indirect and were enhanced or hampered by decisions taken during implementation.</p> <ul style="list-style-type: none"> ▪ The programme management chose to target the IOs when, due to the few applications for assistance received, it became evident that a proactive approach had to be adopted. The focus then was put on service supplying and very little on capacity building. ▪ JMA case shows that a comprehensive support to the IOs, structure and activities, may provide more lasting results than use IOs just as service providers.
<p>43B.1 Intermediate organizations provide more and better services to their members as a result of EC support</p>
<p><i>43B.1.1 The objective of the programme corresponds to the expected results proposed by the CEC PSD strategy</i></p>
<p>There is no programme aiming exclusively at supporting the IOs as suppliers of services for their members. But in the TDP and the PSDP there are components that aim to support service providing capacity building of the IO.</p> <p>The TDP had a component “Service Provider Facility” (Component 3) through which grants were provided to cover up to 50% of the cost of upgrading skills of both public and private BDS providers. The component did not exclusively target IOs but they were potential beneficiaries.</p> <p>In the PSDP the component “Empowerment of the Private Sector Organizations (PSO) in the local economic environment” foresees to implement a cost-sharing capacity building scheme dedicated to intermediary organisations that will be implemented following TDP experience. According to the management of the programme it will benefit also other (private) service suppliers.</p> <p>The component “Enhancing enterprise competitiveness through the strengthening of the BDS system” of the PSDP will be managed by one PSO.</p>
<p><i>43B.1.2 Result indicators originally foreseen in project documents and evidence that these indicators were followed up</i></p>
<p>The Financing Agreement of the TDP set as target for its Component 3 to support 15-20 local service providers developing their specialized skills. There are no indicators to follow the improvement of performance of IOs supported.</p> <p>Following the External Technical Assistance (ETA) Final Report 2002, 9 service providers were assisted among which 5 were PSO, 2 public/private organizations and 2 private. According to the TDP closing speech, at the end of the programme, 15 service providers were assisted.</p> <p>TDP support was mainly used by IOs to provide services to their members: trade fairs, seminaries, marketing campaigns, consortium support... Thanks to the programme they increased their activities but these actions did not continue after the end of the programme.</p> <p>In the basic documents of PSDP there are indicators identified that to follow up PSO empowerment.</p>
<p><i>43B.1.3 Other result indicators, such as: Evolution of the number of services provided by IO (particularly if those were supported by the EC) (increased); Evolution of the number of companies benefiting from these services; Evolution of membership in these IO; Level of satisfaction of firms using services provided by IO; IO supported cover a significant part of local enterprises</i></p>

The membership of the organizations met during the mission is considered stable. They cover most of the large and the middle size enterprises while small enterprises are less represented by these organisations.

The firms met during the mission are also members of these organizations. Not all of them benefited of the activities carried out by these IOs with **TDP** funds but when it was the case they were satisfied.

43B.1.4 Internal or external (to the programme) factors that have enhanced or hampered the production of expected results or achievement of objectives of the programme

TDP did not target particularly the IOs and their capacity to provide services to their members, but targeted all kind of service providers.

Decisions taken during implementation enhanced the participation of the IOs but hampered the achievement of expected results in terms of skills strengthening:

- The programme management choose to target the IOs when due to the few applications for assistance received it became evident that a proactive approach had to be adopted.
- The intervention selected were mainly activities for the members and not activities that could upgrade the capacities to provide better services.

Many activities were undertaken and achieved but they did not produce in a sustainable way the expected results of the TDP (namely, upgrading service providers' skills) neither of the PSD strategy (provide better and more services to their members). TDP support did not reinforce IOs, it allowed them to organize more activities for their members (shows, international fairs, consortium support) but without the funds of the programme there is no possibility of replicability or continuation of these activities.

JMA case shows that a comprehensive support to the IOs, structure and activities, may provide more lasting results than use IOs just as service providers.

EQ 4.5 – Effectiveness – BDS

<p>To what extent did EC interventions aiming to provide non-financial services create a competitive business development services markets?</p>
<p>45.1 EU interventions aiming to provide non-financial services create a competitive business development services markets</p>
<p><i>45.1.1 The objective of the programme corresponds to the expected result proposed by the CEC PSD strategy</i></p>
<p>According to the Financing Agreement TDP had two specific programme purposes:</p> <ul style="list-style-type: none"> ▪ To increase the international competitiveness of private sector exporters: this purpose will be achieved by carrying out detailed company diagnostics and encouraging companies to implement medium to long term business development plans. ▪ To develop export and tourism related services: this purpose will be achieved by encouraging companies and associations to invest in local business development services as a means of improving competitiveness and secondly, encouraging local service providers to develop their supply of specialised skills. <p>This second objective match with the PSD strategy but during the implementation much more focus was put on direct support to companies than on developing a supply of specialized skills.</p> <p>PSDP Component 2 “Enhancing enterprise competitiveness through the strengthening of the BDS system” will continue to provide services directly to companies and will also develop a new range of services by setting up export and information points.</p> <p>The possibility to upgrade service providers skills do not exist anymore as it did not succeed during the TDP owing to lack of demand (As previously mentioned the Component 1 plan to implement a cost-sharing capacity building scheme dedicated to intermediary organisations that will be implemented following TDP experience. According to the management of the programme it will benefit also other (private) service suppliers.) The risk on focusing direct support to companies instead of developing a supply of specialized skills as in the TDP still existing.</p>
<p><i>45.1.2 The objective and overall design of the programme corresponds to the Blue Book on BDS programmes (“BDS for Small Enterprises: Guiding principles for donor intervention”)</i></p>
<p>Even though the TDP was identified previous to the Blue Book, the design is halfway between the old and the new approaches defined in the document. Certain factors correspond more to the new approach ie: i) the second specific purpose of the programme that plan to “develop the services”, ii) the “Service Providers Facility” which aims to upgrade specialized skills and iii) the priority gave to purchase services from local providers. The strongest link between TDP and the old approach are the direct subsidies to the enterprises to purchase the services. These caused problems of outreach and of sustainability.</p> <p>PSDP was identified in 2003 but do not follow the Blue Book recommendations. Its design follows TDP’s perspective; it aims to provide the services but does not consider the development of a competitive BDS market.</p>
<p><i>45.1.3 Result indicators originally foreseen in project documents and evidence that these indicators were followed up</i></p>
<p>Result indicators foreseen in TDP Financing Agreement were followed up during the implementation of the programme. They provide information of the impact of the assistance on the beneficiaries and examine both qualitative and quantitative indicators, such as improved productivity, incremental increases in exports, improved quality of products.</p> <p>An indicator to measure the increase in demand for service providers was also foreseen in the TDP Financing Agreement but it only corresponds to the amount dedicate by the programme for the purchasing these services. It does not give an idea of the increase in the demand, only the pressure the programme</p>

<p>exercised on the market.</p> <p>There is no data for the overall performance, as the final activity report and the final evaluation are not yet done. The information available at progress report level is not summed up in one document but general activity data can be provided: 631 enquiries were received, 34 diagnostics were undertaken, 37 business plans were developed with TDP resources and 56 companies accessed technical assistance. These indicators reached or in some cases went beyond the targets established initially.</p> <p>Sales performance (export and local) is available for a group of 10 enterprises followed up from 2001 to 2004. All shows good increases of the sales numbers in the export market but also in the local market. Among them there are two new exporters.</p>
<p>45.1.4 <i>The internal monitoring system corresponds to the one proposed by the Blue Book on BDS programmes (« BDS Performance Measurement Framework »)</i></p>
<p>The monitoring systems of any of the two programmes do not correspond to the one proposed in the Blue Book. In particular there is no indicators that measure the whole market and from were information about the outreach can be extract.</p>
<p>45.1.5 <i>Other result indicators, such as</i></p> <ul style="list-style-type: none"> ▪ <i>Number of SME acquiring BDS in general (to measure BDS market expansion)</i> ▪ <i>Number of SME acquiring BDS from the programme (to measure BDS market expansion)</i> ▪ <i>Evolution of the number of local consulting firms in the market (to measure BDS supply)</i> ▪ <i>% of potential SME acquiring BDS (to measure market penetration)</i> ▪ <i>Number and % of SE customers purchasing BDS who represent targeted populations (to measure outreach)</i> ▪ <i>Percent of customers reporting high satisfaction with a business development service (to measure impact)</i> ▪ <i>Repeat customers: % of all customers who purchase at least twice (to measure impact)</i> ▪ <i>Percentage of customers who applied the business service to their business, as defined by the program. (E.g.: percent who accessed new markets, developed new products, improved management practices, started keeping formal accounts, reduced costs, etc.) (to measure impact)</i> ▪ <i>Change in estimated gross profit, profit level, employment, exports from before and after receiving the service (to measure impact)</i> ▪ <i>Of the businesses that improved their estimated gross profits, what percent attribute the change to the BDS? (to measure impact)</i> ▪ <i>BDS supplier profitability and profitability of particular BDS Service (to measure sustainability)</i> ▪ <i>Simplified cost-benefit assessment comparing total, cumulative program costs to aggregate program benefits (to measure sustainability)</i> ▪ <i>Total program cost per customer served and total program cost per supplier assisted (to measure sustainability)</i>
<p>NA</p>
<p>45.1.6 <i>Internal or external (to the programme) factors that have enhanced or hampered the production of expected results or achievement of objectives of the programme</i></p>
<p>The programme was monitored – by the ROM monitoring system - four times. Some recommendations were followed up and this improved substantially the service the TDP provided to the enterprises. The most important improvements adopted by the programme and that enhanced considerably the achievement of the results are:</p> <ul style="list-style-type: none"> ▪ classification of the beneficiaries (beginner, intermediate, mature) to address the different difficulties each company can encountered to absorb the funds; ▪ apply “carrot and stick” approach reducing funding agreements to 3-6 months for better control of disbursement and subject the agreement extension to past performance; ▪ address the accountability weaknesses of the companies; ▪ initiatives to improve market penetration and grouping of products; ▪ integrate sectoral initiatives.

The difficult economic situation in the country and the very high interest rates were negative aspects beyond the control of the PMU that could affect the access of some companies to the programme.

The cost-sharing 50-50 increased the ownership of the beneficiaries companies and encouraged them to take cautions steps and not extend themselves beyond their financial limits.

45.1.7 Unsubsidized local BDS is not crowded-out by a subsidized supply of services: There are no complaints about “unfair competition” from unsubsidized suppliers of services, there are no clients that use to use unsubsidized consulting that are now using subsidized consulting

The services were provided by local consultancy companies, consequently the market benefited from a direct increase income due to the short-term demand created by the programme.

The companies met during the mission had not used BDS previously. Since they benefit from this type of services and experience substantial growth they appreciate now the importance of consulting services and even they are ready to use it at market price.

EQ 5 – Sustainability

To what extent are the effects (expected results) of the interventions likely to continue at the end of the EC support?	
5.1	The effects of CEC PSD strategy in Jamaica is likely be long-lasting
5.1.1	<i>Risks and assumptions that can affect the achievement of the PSD strategy have been identified</i>
<p>The stated overall objective of the PSD strategy in Jamaica, i.e. contribute to increase the competitiveness of Jamaica’s business sector, is well in line with the GOJ policies and priorities and correspond to the country needs as perceived by different sources.</p> <p>When proposing PSD as a focal sector, the CSP explicitly identifies a number of assumptions and/or elements ensuring sustainability. They regard government actions and the demand of the private sector:</p> <ul style="list-style-type: none"> ▪ Improvement of the macro-economic environment, leading, inter alia, to more affordable interest rates. ▪ An exchange rate policy conducive for maintaining competitiveness. ▪ Implementation of a number of key government measures to improve the business environment, such as: (i) reducing administrative barriers, (ii) simplifying investment incentives, (iii) reducing labour market rigidities, and (iv) addressing the problem of security. ▪ Existing demand by the private sector for the services to be provided by the programme and that these services are effectively delivered. <p>The CSP also present as elements to ensure sustainability, EC support actively promoting the respect for environmental standards and the introduction of sustainable technologies; as well as the encouragement of labour-intensive economic activities, in view to create employment for vulnerable groups.</p>	
5.1.2	<i>Actions have been taken if risks have materialized or assumptions have not been verified</i>
<p>Overall, several written and oral sources point out that the GOJ remains committed to implement its policy agenda although progress should still be made in certain areas, particularly those related to crime, violence and corruption.</p> <p>The team has not been able to collected information on the extent to which the government has progressed on each of the measures or assumptions detailed above. Further it is not clear whether and how the strategy to support PSD in Jamaica could be adapted if identified assumptions are not verified as the new PSDP has already started and its implementation is not conditional to the same assumptions used at the level of the strategy. As mentioned in 2B.1.3, this should, nonetheless, be compared with and qualified by the situation of the other focal sector of support, namely transport. As the GOJ has not made sufficient progress in the road sector as it was assumed it would be the case, the Delegation currently suggests adjusting support to the transport sector in a significant manner.</p>	
5.3	Reinforcement of financial markets is long-lasting
5.3.1	<i>The number of credits from local banks to the private sector (especially SME and micro-enterprises) continues to increase or at least does not decrease after EC intervention</i>
<p>Regarding Credit Scheme, the number of credits provided did not decrease after the end of the programme as the GOJ decided to start a similar MSEM programme. Originally, the funds for the Credit Scheme programme were constituted by an EDF loan to the GOJ. Due to this set up – different to the set up of other EC credit programmes of the same kind - there were no procedural barriers on the side of the Commission that forced to close the fund at the end of the programme. The GOJ decided to continue to dedicate these resources to the same purpose through a similar programme which is still under operation and which follows the same operation rules than the EC Credit Scheme programme.</p>	

5.3.2 <i>Repayment rate of loans in EC supported programmes (high enough)</i>
There are no indicators on repayment rates. Several interviewees consider the default rate marginal. It is interesting to observe that the fund still growing owing mainly to interest income on investment (wholesalers invested idle resources and had to revert the interest to the fund) but also to loan interests, which means that reimbursement rates are correct.
5.4 Reinforcement of IO position is not lost after EC intervention finishes
5.4.1 <i>Intermediate organizations continue to successfully promote the interests of the private sector after the end of EC intervention. For example: Evidence of continuous involvement of business sector organizations (particularly if supported by the EC) in policy orientation meetings</i>
JMA continue its lobbying activities.
5.4.2 <i>Services provided by intermediate organizations continue to increase or at least do not decrease after EC intervention. For example: Evolution of the supply and use of services provided by intermediate organizations after the end of the intervention; Evolution of the number of companies benefiting from these services; Evolution of membership in these intermediate organization</i>
Services provided by the beneficiaries IOs decreases now that the EC programme is finished. The activities supported by the TDP finalized when the financing source ended.
5.6 A competitive BDS market continues to function after EC intervention has finished
5.6.1 <i>Demand for non-subsidised BDS continues to increase or at least do not decrease after EC intervention</i>
According to the main stakeholders there is the feeling that the demand had already begin to calm down even before the end of the programme. Now that the BDS activities within the programme are finished, demand has decreased substantially. The companies met during the mission stated they will continue to use BDS, as needed. They are open to contract this services at market cost but only if they cannot benefit of other subsidies. They were all aware of the new programme PSDP and had the clear intention to apply. They were already preparing new projects.
5.6.2 <i>Local supply of non-subsidized BDS continues to increase or at least do not decrease after EC intervention</i>
There is not evidence about this fact.

EQ 6 – Efficiency

<p>To what extent have the organisational set-up or management systems and processes contributed or hindered the efficiency of the EC interventions to support private sector development? Four aspects are of particular interest to our evaluation:</p> <p>A. The deconcentration process and the support given by HQ</p> <p>B. The preference given in some regions to all-country programmes</p> <p>C. The preference given in some regions to promote local expertise instead of using international support</p> <p>D. Other organisational set-up or management systems and processes</p>
<p>6A.1 The deconcentration has contributed to the efficiency of the EC interventions</p>
<p><i>6A.1.1 Speed of decision making during the identification and implementation stages (project preparation, implementation payments)</i></p>
<p>The decision-making process has, according to all the parties interviewed, clearly accelerated after the deconcentration in 2002. The Delegation has the rule to provide answers, for simple operations, in maximum 4 days where before the average answer time for type of operations was around one month.</p>
<p><i>6A.1.2 Workload related to implementation procedures of project managers at the Delegation</i></p>
<p>The deconcentration implied significant increase in the workload for the Delegation staff. Managerial tasks increase seems correctly hand out inside the Delegation but capacities to provide a strategic and technical support on PSD are still weak as proven by the PSDP design process.</p>
<p><i>6A.1.3 The deconcentration has led to a better identification of needs and project design</i> <i>Note: This item is related to relevance (not to efficiency) and it is asked only to complement information</i></p>
<p>It seems that during the identification of the PSDP in 2003, headquarters continued to play an important advisory role. The design of the PSDP has some weaknesses at strategic level as well as in its management setting up:</p> <ul style="list-style-type: none"> ▪ PSDP is in its majority the continuation of TDP. It clearly takes into account the elements that were added to the TDP during its implementation (i.e. integrate more the IOs, handholding services). Unfortunately, it continues to operate at enterprises level (micro) without a comprehensive approach to reinforce BDS markets. The programme does not take into account best practices identified to enhance PSD interventions which recommend macro and meso approach (i.e. “BDS for Small Enterprises: Guiding principles for donor intervention”). ▪ PSDP project management will be ensured by JAMPRO on the basis of a service contract. Target Europe and TDP PMU were hosted in this agency. The operators, which will act as co-managers, have been pointed out during the identification stage of the programme. It is still not very clear what the comparative advantages of JBDC and PSOJ are as co-managers of the programme. Further, this situation creates an uncomfortable situation as these institutions will be, at the same time, managers and potential beneficiaries of certain components. It seems to be a programme “<i>sur mesure</i>”.
<p><i>6A.1.4 Evidence of sharing experience / lessons learning from other Delegations</i></p>
<p>According to the interviews there is no sharing of experiences from other Delegations nor there was before the deconcentration, especially at operational level. It was also mentioned that there is a need of such exchanges in particular on the way difficulties were addressed and overcome.</p>

6B.1	The use of “all-country” programmes has contributed to the efficiency of the EC interventions
6B.1.1	<i>Speed of decision making during the identification and implementation stages (project preparation, implementation payments)</i>
6B.1.2	<i>Cost of interventions before and after “all-country” programmes</i>
6B.1.3	<i>Workload related to implementation procedures of project managers at the Delegation</i>
6B.1.4	<i>The use of “all-country” programmes has led to a better identification of needs</i> <i>Note: This item is related to relevance (not to efficiency) and it is asked only to complement information</i>
Jamaica has not been a significant user of “all-country” programmes; therefore the team could not collect conclusive evidence on this issue.	
6C.1	The use of local expertise has contributed to the efficiency of the EC interventions
6C.1.1	<i>Speed of decision making during the identification and implementation stages (project preparation, implementation payments)</i>
Local expertise was extensively used in the implementation of Credit Scheme and TDP programmes. By this fact international tender process were avoided which makes much quicker the decision process.	
6C.1.2	<i>Comparative cost of interventions using local or European Expertise</i>
Local expertise was used in the Credit Scheme and TDP programmes. It allowed to offer services at local market price and therefore at a lower cost. The quality of the services was considered good.	
6C.1.3	<i>Workload related to implementation procedures of project managers at the Delegation</i>
Local expertise was extensively used in the implementation of Credit Scheme and TDP programmes. By this fact international tender process were avoided as well as related Delegation workload.	
6D.1	The organisational set-up and management system has contributed to an efficiency implementation of the programme
6D.1.1	<i>Programme inputs are on time, at planned cost and well managed on a day-to-day basis</i>
<p>Credit Scheme. Credit line funds were not available at the beginning of the programme producing two years delay on the implementation of the programme. The financing contract that states the conditions for the loan between the European Community and the State of Jamaica was only signed in February 1995, while the financial agreement dates back to 1993.</p> <p>The management of the funds was not always good. The management of the funds by the Eagle Merchant Bank of Jamaica, the first wholesaler, was not satisfactory as the bank preferred to refinance larger sub-loans. The agreement was suspend in 1996. Further, great part of the Technical Assistance funds was spent during this first period without obtaining results.</p> <p>After its review, the programme restarted on an efficient basis especially regarding the execution of the credit line. Two new agreements were signed with wholesalers in order to address micro and the small enterprises through two different channels. This allowed a better access to the fund for microenterprises. The programme was based on established financial institutions (wholesalers and retailers) with commercial interest to lend and be repaid. To make the credit disbursement more dynamic the GOJ assumed the risk of default.</p> <p>TDP. According to the Monitoring Reports, the only difficulty encountered by the TDP at inputs level is that during the first two years the staffing of the PMU seemed to be lower than planned. Additional staff was allocated on 2 January 2002.</p> <p>Two riders asking for a revision of the budget were submitted to and approved by the European Commission. The revision mainly concerns Service Provider Facility; 60% of the funds for this activity</p>	

<p>were finally devolved to the line technical assistance. (See Annex 5, Programme Sheet N°2).</p> <p>PSDP. The 9th EDF procedures require a financial guarantee to permit the implementation of the programme by an executive agency. It took one year to obtain the financial guarantee for JAMPRO. Programme implementation can begin only now.</p> <p>A further obstacle to an efficient implementation is the situation of the PSO co-managers as potential beneficiaries of certain components. The conflict of interest must be resolved to normalise the implementation process.</p>
<p><i>6D.1.2 Programme activities are on time, at planned cost and well managed on a day-to-day basis</i></p>
<p>Credit Scheme. After the review of the programme credit line was executed as planned. Regarding the technical assistance there is no evidence that the policy support activities planned were achieved. The erosion of funds during the first phase for this particular component limited substantially the action and focused more the setting up of a MIS and the provision of trainings to credit officers than the policy support activities.</p> <p>TDP. The majority of activities were implemented as planned. Service provider facility experienced very little demand. Service providers were in fact benefiting already from the programme through TDP contracts that they received for diagnostics and business plans. PMU adopted a proactive attitude and target the IOs but the selection of activities was lax and do not targeted the upgrading of skills. Some companies experienced difficulties to provide their counterpart (access to credit). After approval of the cost-sharing they stayed inactive.</p> <p>PSDP. The programme did not begun yet due to the long period needed to obtain a financial guarantee. The programme has cumulated one-year delay.</p>
<p><i>6D.1.3 Results are being achieved as planned (quality and quantity)</i></p>
<p>Credit Scheme. After the review of the programme the credit fund had a credits turnover as planned. The activities planned to support the policy and regulatory framework were not implemented and no results were achieved.</p> <p>TDP. Quantitative indicators were reached already in 2002 and in some cases went beyond (see Annex 5 Programme Sheet n°2). Skills of service providers were not upgraded as a result of the ‘Service Providers Facility’.</p>
<p><i>6D.1.4 Existence and use of an internal monitoring system</i></p>
<p>Credit Scheme as well as TDP planned and followed up a monitoring system. That permitted to manage well on a day-to-day basis the finance disbursement and the implementation.</p> <p>In addition TDP studied more closely a group of ten enterprises during the whole implementation period.</p>
<p><i>6D.1.5 The programme has been able to adapt to changing needs or context. For instance, if the assumptions did not hold true, how well did the programme management adapt? How well did it adapt to external factors affecting the programme)</i></p>
<p>Credit Scheme. The programme was suspended after one year of implementation. It restarts after an in-depth review. Even if this review was positive the suspension and the revision period supposed a traumatism for the programme. The effects of this break were especially negative for the Technical Assistance component.</p> <p>TDP. This programme was monitored four times (ROM system). The programme was able to take into account most of the recommendations made by the monitors. These recommendations had positive effects on implementation and results achievement. New activities were added to planned ones in order to better address the needs:</p> <ul style="list-style-type: none"> ▪ Sectoral approach: permit to foreseen market penetration at least cost. ▪ Accountability strengthening.

EQ 7 – Coherence (within EU action)

<p>A. To what extent does the EU PSD policy in general take into account other EU strategies and policies?</p> <p>B. To what extent does the <u>EU PSD support strategy within a country</u> strategy take into account:</p> <p style="padding-left: 20px;">i. The support given to other sectors within the same country strategy?</p> <p style="padding-left: 20px;">ii. Other EU strategies and policies</p> <p>C. To what extent do national or regional <u>EU PSD programmes within a country</u> take into account:</p> <p style="padding-left: 20px;">i. Other PSD programmes within the same country</p> <p style="padding-left: 20px;">ii. The support given to other sectors within the same country</p> <p style="padding-left: 20px;">iii. Other EU strategies and policies</p>
<p>7B.1 The EU PSD support strategy within a country takes into account other EU interventions</p>
<p>7B.1.1 <i>Explicit reference to EU support to <u>other sectors in the same country</u> and analysis of possible complementarities, synergies, conflicts or overlaps between PSD and other sector support within the same country</i></p>
<p>Community support to Jamaica is provided through budgetary aid and directly to transport and to private sector development. The CSP 2002 is explicit on how budgetary aid and transport affect private sector development. Indeed, the CSP explains that the overriding concern of the EC strategy is to contribute to the alleviation of poverty; that in order to alleviate poverty the government seeks to enhance economic growth; that the private sector is considered as the most effective engine for growth; and thus that the development of business activities should be supported and facilitated. It also indicates that transport infrastructure is one of the main constraints on development of the private sector – which bears out the information collected by the mission from other sources – and that business development needs macroeconomic fundamentals to be restored to sustainable levels, particularly the debt situation. It even indicates that the country’s growth strategy should rest on two complementary measures: macroeconomic reforms and support to SMEs to stimulate their competitiveness.</p>
<p>7B.1.2 <i>Evidence that EU support to other sectors in the same country has positively or negatively affected the achievement of the objectives of the PSD support strategy within the country</i></p>
<p>In practice, however, little link between transport sector interventions and PSD interventions has been made. As for budgetary aid, interviews gave a qualified image. On the one side, officials involved in PSD argued that budgetary support will contribute to reducing interest rates (through reducing internal debt and thus reducing the crowding-out of private borrowing). On the other side, officials involved on budgetary support consider that the magnitude of BS in Jamaica is not significant enough to have an effect on macroeconomic variables. It could, however, be argued that BS contributes to encouraging GOJ’s commitment to fiscal discipline and thus indirectly affects the business environment.</p>
<p>7B.1.3 <i>Explicit reference to the possible effects of other EU strategies and policies (development or non-development) on the PSD support strategy in a given country</i></p>
<p>In the section “Coherence with other Community policies”, the CSP 2002 makes reference to trade policy. It indicates that the strategy is fully compatible with the participation of Jamaica in international trade fora and agreements, in particular WTO; and further, that Jamaica will participate actively in the EPA negotiations under CARICOM. However, the document does not describe – and the evaluation team has not found any evidence in this regard - how the strategy relates to trade policies or regional initiatives. This is not due to a lack of concern about trade issues, particularly in the case of a small island like Jamaica. The report on the 10th Annual Retreat in December 2004 - which brings together IDPs and government and non-government partners in Jamaica – indicates that the opening session highlighted the need to re-think development aid in the light of current globalization challenges; and further, that the key to development was to be found in greater trade and that, for this reason, a reduction of subsidies in developed countries could help millions improve their living standards.</p>

<p>7B.1.4 <i>Evidence that other EU strategies or policies (development or non-development) have positively or negatively affected the achievement of the objectives of the PSD support strategy within the country</i></p>
<p>No evidence found.</p>
<p>7C.1 National or regional EU PSD programmes within a country take into account other EU interventions</p>
<p>7C.1.1 <i>Programme documents explicitly refer to the other EU PSD programmes in the same country and analyse possible complementarities, synergies conflicts or overlaps</i></p>
<p>As mentioned in 2D.1.3 Community support to PSD in Jamaica has been provided through the Credit Scheme (7th and 8th EDF), Target Europe (7th and 8th EDF), TDP (8th and 9th EDF) and PSDP (9th EDF) programmes.</p> <p>Except for the first one, programmes have been sequential and quite similar in nature, i.e. focused on the same expected results; and therefore the focus for the team was less on identifying complementarities or overlaps between these programmes than on lesson learning. Programme documents do mention previous programmes but the team did not find evidence that, for instance, PSDP had thoroughly drawn on TDP experience.</p> <p>The Credit Scheme programme (focused on financial services) run in parallel to the Target Europe and the TDP programmes. The team did not find evidence of Credit Scheme documents referring to the TDP programme.</p> <p>Some applications made to the TDP where referred to the ‘all-ACP’ programme EBAS.</p>
<p>7C.1.2 <i>Evidence that other EU PSD programmes in the same country have positively or negatively affected the achievement of the objectives of the programme</i></p>
<p>No evidence found on one PSD programme affecting another PSD programme. Particularly because programmes (TDP and PSDP) have been sequential.</p>
<p>7C.1.3 <i>Programme documents explicitly refer to EU support to other sectors in the same country and analyses possible complementarities, synergies conflicts or overlaps between the programme and other sector support within the same country</i></p>
<p>No evidence found on PSD programme documents referring to EC support to other sectors.</p>
<p>7C.1.4 <i>Evidence that EU support to other sectors in the same country has positively or negatively affected the achievement of the objectives of the programme</i></p>
<p>No evidence found on EC support to other sectors affecting the achievement of an EC supported PSD programme.</p>
<p>7C.1.5 <i>Programme documents explicitly refer to the possible effects of other EU strategies and policies (development or non-development) on the programme and analyses possible complementarities, synergies conflicts or overlaps</i></p>
<p>No evidence found.</p>
<p>7C.1.6 <i>Evidence that other EU strategies and policies (development or non-development) have positively or negatively affected the achievement of the objectives of the programme</i></p>
<p>The team did not find any evidence of programmes being directly affected by EU policies or strategies. However, particularly in the context of Jamaica – a small island – and given the policy of the GOJ, the links with trade policy should be of outmost importance. It is reflected by other players such as are mentioned in 7B.1.3, and also by the fact that, that in larger fora as the 10th Annual Retreat in December 2004, the reduction of subsidies in developing countries is mentioned as an effective way to contribute to development.</p>

EQ 8 – Coordination (with other donors)

To what extent is there coordination between donors, both at central and at country level?	
8.2	The EU actively participates to multi-donor coordination process at country level
8.2.1	<i>Evidence of participation of the EC to multi-donor coordination meetings at country level</i>
<p>Donor coordination has for long been in place in Jamaica, yet has gained momentum in the last two years and it is becoming increasingly crucial.</p> <p>On the government side, the Planning Institute of Jamaica (PIOJ) co-ordinates international co-operation and the UNDP Resident Representative leads donor coordination on the side of the international development partners. Meetings are organised in a regular basis to discuss and review strategic matters of common concern. An annual retreat also brings together the donor community and the GOJ to discuss areas of intervention and future work. Participants at the 10th Annual Retreat in December 2004 included IDPs (DFID, UNDP, FAO, UNEP, UNICEF, UNESCO, EU, Embassy of France, CIDA, USAID, IDB, WB, Embassy of Japan, JICA) as well as government and non-government agencies (PIOJ, Cabinet Office, Dispute Resolution Foundation, National Works Agency, Ministry of Justice, Office of Preparedness and Emergency Management, University of West Indies). The main conclusions were:</p> <ul style="list-style-type: none"> ▪ That in spite of the importance of overseas development aid (ODA) for countries like Jamaica, their long term development could not be based on ODA; ▪ That greater attention should be given to helping bring about improvements in competitiveness and in gaining access to markets; and that to this end a reduction in agricultural subsidies in developed countries would help considerably; ▪ That IDPs could provide their support in a more flexible and creative manner; ▪ Finally a case was made for reducing assistance to the government sector and reallocating it to the private sector. Some IDPs argued for a thematic focus on PSD as further reductions in poverty levels will require economic growth. <p>A particular and different experience - where the Delegation has had a significant role - shows in practice how donor coordination in Jamaica is taking place: In the frame of the Budget Support provided by the EC and given that Jamaica no longer had an IMF Staff Monitored Programme, the GOJ elaborated a MTSEPF. Once the National Planning Council (NPC) and the Cabinet approved the MTSEPF in 2004, it has become a reference point around which IDPs are harmonising their development strategies. This was formally agreed with the GOJ and other partners during the 10th Annual Retreat.</p>	
8.2.2	<i>Evidence of distribution of tasks among the different donors at country level</i>
The team did not found evidence of specific tasks distributed among donors.	
8.2.3	<i>Evidence of joint activities or projects between the different donors at country level</i>
<p>There are no joint (PSD or other) projects or programmes between the EU and another donor in Jamaica. However, more and more IDPs are joining efforts in view of achieving greater aid effectiveness. For instance, DFID will fund a TA for donor coordination and harmonization “on behalf of the coordinated interests of IDPs”. The aim is to “enhance PIOJ’s capacity to carry out its mandate as focal point for the harmonization initiative, to coordinate donor/lender assistance and mainstream an effective monitoring and coordinating framework for the Medium Term Framework (MTF)”. (Source: <i>Discussion Notes on TA for Donor Coordination and Harmonization, January 2005, draft</i>). A further example of joint activities between donors is the DFID, IADB and WB who have carried out a number of joint consultations in the frame of the elaboration of their respective country plans in early 2005. No evidence, however, was found of joint activities or programmes specific to the PSD sector.</p>	

8.2.4 <i>Explicit reference to other donor policies or activities in country documents</i>
On the side of the EC, country documents do indeed refer to donor coordination. In particular, the 2002 CSP presents a donor matrix with the areas of intervention of the main international development partners in Jamaica. However, no detail on how different strategies or interventions to support private sector development are coordinated or articulated can be found in either the main text of the CSP or in its Annex 4, “Assessment of Private Sector Development”.
8.2.5 <i>Explicit reference to other donor policies or activities in programme level documents</i>
In terms of PSD programmes supported by the EC, the Financing Proposal for the PSDP includes an Integrated Framework providing information on who is doing what in private sector development (see table below). During programme implementation, it is intended to improve and maintain the framework as a tool for donor co-ordination and, further, the findings of the feasibility study and the proposed programme PSDP were presented to the other donors on May 7 2003.
8.2.6 <i>Examples of complementarities and synergies between programmes funded by the EU and programmes funded by other donors</i>
No evidence was found by the team regarding possible complementarities between PSD programmes. The only except being that, according to interviews undertaken, the USAID’s Cluster Programme which ended in November 2004 will be followed-up by the EC PSDP under Component 2, Activity 2.2.2 “Group initiatives”.
8.2.7 <i>Evidence of overlap between PSD programmes of the EU and of other donors at country level</i>
Two PSD programmes of similar nature were the EU Credit Scheme programme and the “GOJ-GON Micro Finance Programme” but it is difficult to say whether or not there was an overlap between these two programmes.
8.2.8 <i>Evidence of similar programmes with common beneficiaries funded by the EU and another donor</i>
The team did not find sufficiently detailed information on the beneficiaries of these (or other) PSD programmes to be able to ascertain whether beneficiaries were receiving support from more than one programme.

Donors' interventions to support PSD

Donor	Scheme	Content
CESO-Canada, BESO-UK, IESC-USA	Retiree Programmes	Technical expert advice, mainly to SME on a cost-sharing basis.
CIDA	Institutional Strengthening in the Private Sector Organisations	Support to the consolidation of the associations' operations.
CIDA Executing agencies: ARA/KPMG	Caribbean Regional Human Resource Development Program For Economic Competitiveness (CPEC)	Human resources and institutional development for the tourism and agro-processing/agriculture sectors. Non-reimbursable grants of up to J\$ 230,000 per project.
CIDA Executing agencies: Bank of Nova Scotia, Kingston, Restoration Company	Credit For Micro And Small Enterprises Project (CMSE)	Revitalisation of communities through credit to micro entrepreneurs.
CIDA / CDB / University of Technology	Technical Innovation Centre	Incubator of small businesses, range of advisory and consultancy services, as well as training, to existing small and micro enterprises.
DfID	Tourism Challenge Fund (Caribbean-wide)	To stimulate income earning opportunities for poor people through the tourism sector (creation of linkages).
European Commission	CDE (ACP countries)	Technical expertise, training, feasibility studies, market surveys etc for creation, expansion, or rehabilitation of companies.
European Commission / CDE	ProInvest (ACP countries)	Promotion of investment and technology flows to ACP countries through capacity building of private sector intermediaries, key sector support and individual enterprise support.
European Union Executing agency: JAMPRO	Trade Development Project	Advertising and promotion; human resource development; MIS and production systems development; market research and trade fairs; packaging, presentation and product development -- Exhibitions, business forum -- Marketing TA facility -- Financial management and financial services -- Accounting Technical Assistance.
GOJ / Government of The Netherlands	Micro Enterprise Business Development Services Project	Delivery of business development services to the micro sector.
GOJ / Government of the Netherlands Executing agency: Development Options	MicroFIN	Funding at 11% to MSE through specialised Micro Finance organisations (MFO). No collateral required, credit capped at J\$ 100,000. Emphasis on creditworthiness (Credit Bureau).

Donor	Scheme	Content
GOJ	ByoND	Assistance to youth with the objective of encouraging them to start small businesses.
Green Fund (CIDA)	ENACT	Support to local environmental initiatives in a large range of needs.
IADB	Inter-American Investment Corporation (Caribbean-wide)	Financing of the establishment, expansion and modernisation of enterprises. Facilitate enterprises' access to private and public capital, domestic and foreign, and to technical and managerial know-how. Stimulate the development of investment opportunities. Providing technical co-operation for the preparation, financing and execution of projects, including the transfer of appropriate technology.
IADB	Multilateral Investment Fund (Caribbean-wide)	Technical assistance to commercially oriented micro finance institutions.
IADB Executing agency: MICT	Micro and Small Enterprise (MSE) Development Program (2 phases)	Financial assistance to build an adequate policy environment, a public awareness program, and a communication strategy. Facility funding the development of sustainable institutions for both financial and non-financial services. Facility to provide institutional and organisational strengthening of eligible BEDS providers. Credit funds for on-lending to MSE
ILO / US Department of Labour	Caribbean Labour Market Information System (CLMIS)	Production and use of labour market information.
UNCTAD	Trade Point (world-wide)	Database of business information from developed and developing countries. Electronic Trade Opportunities (ETO) System provides subscribers with a single point of contact for their trade, investment and business opportunities.
UNDP Executing agency: JBDC	Income Generating Enterprise Project	Business support services and related technical assistance to community groups and organisations with the objective of creating income generating activities and employment.
USAID	Business Road Map Analysis	Identification of red tape faced by investors and entrepreneurs. Aims at reducing/removing the bureaucratic impediments to private sector operations.
USAID	CARICOM's Regional Negotiation Machinery (RNM)	Support to enhance effective participation in negotiations and improve CARICOM countries' market access and competitiveness. Training and technical assistance for the RNM and expansion of a trade information network to all CARICOM member countries
USAID	Inner Cities Communities	Vocational and skills training. Loans to micro and small business loans for selected activities -- Business support services to micro-enterprise lending agencies' clients.
USAID	Legal System (Caribbean-wide)	TA to: Improve the administrative efficiency of Caribbean courts. Introduction and expansion of the use of alternative dispute resolution mechanisms. Set-up a systematic publication system for court decisions.

Donor	Scheme	Content
USAID	New Economy Project	<p>Improvement in the business environment of micro, small and medium-size enterprises. NEP projects include:</p> <ul style="list-style-type: none"> ▪ The Briefing Room: trade information dissemination programme (with private sector associations) ▪ Jamaica Credit Bureau, strategic advice (with JBA) ▪ Excordia Project: Pricewater House offers online enterprise resource planning solutions and back office service for SME in Jamaica and the Caribbean region ▪ Capital & Credit Merchant Bank: assistance to increase retail-banking operations with small and medium-size enterprises ▪ Small Business Loans Ltd (ex JNMCC): strengthening of organisational capacity
USAID Executing agency: Jamaica Chamber of Commerce	Jamaica Conference Board	Promotion of research and analysis of issues that impede business growth. Facilitation of dialogue for the resolution of these issues.
USAID / DfID Sponsor: JEA Executing agency: ontheFRONTIER	Jamaica Cluster Competitiveness Project	Conduct of workshops on improving competitiveness along a cluster approach.

Source: Draft Financing Proposal for Private Sector Development Programme "Competitive Jamaica", Brussels, August 2003.

EQ 9 - Cross-cutting issues

Do the EC PSD interventions show concern for cross cutting issues such as promoting women led enterprises, ensuring acceptable working conditions notably for women, protecting the environment and promoting better governance practices?	
9.2	CCI are taken into account in the PSD strategy and by programmes in Jamaica
9.2.1	<i>The CSP explicitly refers to CCI (which ones?)</i>
The CSP explicitly refers to the following CCI: gender equality, environmental protection and institutional development and capacity building although there is no indication on how these issues should be mainstreamed in the different programmes.	
9.2.2	<i>Project/programme documents explicitly refer to CCI (which ones)</i>
Credit Scheme and TDP financing agreement mentioned briefly environmental and gender among the factors ensuring sustainability. Credit Scheme financing agreement mentions that training will be provide to the participating credit officers as regards of environmental impact assessment and programme appraisal techniques. This last measure will promote lending on project basis rather than on collateral and thus improve the access to credit notably to women. According to the managers of the programme, female participation to the programme is important as a significant amount of credits is provided to small enterprises that are mainly managed by women. The monitoring system closely followed up this participation. TDP financing agreement mentions that an environmental impact assessment will be part of the selection criteria. During the implementation this criteria was not applied. PSDP financing agreement refers to female entrepreneurs as normal beneficiaries and mentions that PSDP do not have a special component that target especially female entrepreneurs. There is no mention of the environment as a CCI.	
9.2.3	<i>Internal Monitoring system takes into account CCI. For example for gender the number of women led enterprises monitored, proportion of (micro) credits granted to woman, share of women in the labour force, etc.</i>
The two programmes already implemented added to their internal monitoring system gender breakdown.	
9.2.4	<i>Evidence of the effective implementation of cross-cutting issues</i>
Apart from the integration of gender breakdown in the monitoring system there is not evidence of an effective integration of the CCI in the implementation. Environmental impacts were no take into account at implementation level.	
9.3	A CCI is treated through a specific project or programme in the frame of the PSD support in Jamaica rather than as an horizontal issue
9.3.1	<i>Examples of projects or programmes that focus on one of the CCI</i>
There are no such projects/programmes.	

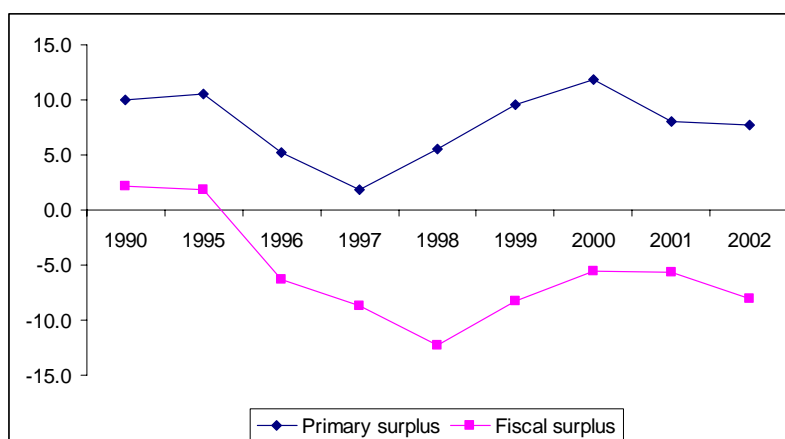
Annex 7 - Complementary Information

Table 1 - Jamaica's Basic Social Indicators

	1999	2002	2003
Population, total (million)	2.6	2.6	2.6
Population growth (annual %)	0.8	0.8	0.8
National poverty rate (% of population)	..	..	..
Life expectancy (years)	..	75.7	75.8
Fertility rate (births per woman)	..	2.3	2.3
Infant mortality rate (per 1,000 live births)	..	..	17.0
Under 5 mortality rate (per 1,000 children)	..	..	20.0
Births attended by skilled health staff (% of total)	..	..	..
Child malnutrition, weight for age (% of under 5)	3.8	..	..
Child immunization, measles (% of under 12 mos)	82.0	86.0	78.0
Prevalence of HIV, total (% of population aged 15-49)	..	..	1.2
Literacy rate, adult male (% of males ages 15 and above)	82.5	83.8	..
Literacy rate, adult female (% of females ages 15 and above)	90.3	91.4	..
Primary completion rate, total (% age group)	89.0	89.0	85.0
Primary completion rate, female (% age group)	91.0	90.0	85.0
Net primary enrolment (% relevant age group)	94.3	..	..

Source: World Development Indicators database, April 2005.

Graph 1 - Jamaica's Fiscal and Primary Surplus



Box 1 – Jamaica Trade Agreements (implementation or negotiation)

World Trade Organization (WTO) Agreement

As a signatory to this agreement, the WTO conducted its first mandatory Trade Policy Review (TPR) of Jamaica in 1998, at which time it was noted that Jamaica had undertaken a comprehensive programme of structural reform and trade liberalization. This included the dismantling of price controls, privatization of several public enterprises, lowering of import duties and enhancing the role of the private sector. Import duties were lowered from rates as high as 200 per cent in the 1980's to maximum levels of 20 per cent in 1999 with the implementation of the final phase of the Common External Tariff. The second TPR of Jamaica will be conducted in November 2004.

Caribbean Single Market and Economy (CSME)

Jamaica is scheduled to fully implement the CSME by January 2005, along with Trinidad & Tobago and Barbados. All other member states are to implement the CSME by 2006. Jamaica is well advanced in the preparations for the CSME with the signing of all protocols and the implementation of some. Several legislations facilitating the establishment of the CSME have also been implemented. These include the legislations providing for the free movement of university graduates, artistes, media workers and sports persons; the elimination of visa requirement for Intra-CARICOM travel; and the transference of social security benefits.

Cotonou Agreement

Negotiations under Phase 1 of the Cotonou Economic Partnership Agreement (EPA) between the European Union (EU) and African Caribbean and Pacific (ACP) States were completed during 2003. This phase of the negotiations took place at an all-ACP-EC level and addressed common issues of interest to all parties. Negotiations under Phase II of the EPA, which is being conducted on a bilateral basis between Caricom and the EU, will commence in 2004.

Free Trade Area of the Americas (FTAA)

Negotiations for the establishment of the FTAA are ongoing, with the establishment of the Hemispheric Cooperation Programme during 2003. This programme is intended to assist smaller economies with trade-related institutional strengthening needs so as to ensure full participation in the negotiation process.

Reproduced from Government of Jamaica (2004), Medium Term Socio Economic Policy Framework 2004-2007.

Box 2 – Some results from a Business victimization survey

- Firms closed for an average of 3 days due to violence in 2001 and experienced losses, on average, of J\$ 1 million to be compared with J\$ 400,000 in 2000 (only Kingston Metropolitan Area)
- Of the firms looted in 2001, 57% had losses of less than J\$ 100,000, 19 % losses between J\$ 100,000 and J\$ 500,000 and 4% losses between J\$ 1 million and J\$ 5 million
- Private security expenditure by firms for maintaining security was about 2% of annual revenue of the average firm (or J\$ 1 million) in 2001. These costs were as high as an average of 17% of annual revenue for micro-enterprises with annual revenue less than J\$ 5 million, 7.6% for medium firms with annual revenue between J\$ 10-20 million and 0.7% for large firms
- The cost of installing new security devices was on average 0.3% to 0.7% of the annual revenue of firms
- Average losses due to extortion, fraud, robbery and arson were highest in manufacturing and processing firms (5.7% of revenue) and distribution (2.5% of revenue)

Source: World bank (2004), Jamaica: The Road to Sustained Growth, chapter 6.

Box 2 – Finance in Jamaica

“The larger companies financed a considerable part of their investments from their own cash flows, which in some cases had been augmented by disposal of assets. Moreover, larger companies have easy access to subsidized credit lines (Development Bank of Jamaica (DBJ), ExIm Bank) and offshore finance. However, smaller companies, as well as potential entrants into exports, have difficulties in accessing credit.

Banks consider them too risky for channelling subsidized DBJ funds, and charge higher interest rates and subject them to stricter capital requirements. These considerations would have become even more important after the financial crisis of 1995. In the Harris (1997) survey, the cost of finance ranked as the highest obstacle to increasing exports, and the requirement for collateral ranked in fifth place. For small and medium companies, the costs of capital could be reduced if banks could make better judgments about their credit risk including that of new borrowers. Establishment of credit registries can help in this process.”

World Bank (2003), Jamaica: The Road to Sustained Growth, page 163.

Table 2 - Community Support to Jamaica

National Indicative Programme			
	European Commission	European Investment Bank	Total
6th EDF	2,388,591	-	2,388,591
7th EDF	7,268,762	669,724	7,938,486
8th EDF	25,811,885	9,268,344	35,080,229
TOTAL	35,469,238	9,938,068	45,407,306
Regional Indicative Programme (Programmes led by the Delegation in Jamaica)			
	European Commission	European Investment Bank	Total
6th EDF	246,957	-	246,957
7th EDF	5,824,193	2,010,156	7,834,349
8th EDF	286,858	-	286,858
TOTAL	6,358,008	2,010,156	8,368,164
Regional Indicative Programme (Local expenditure for programmes not led by the Delegation in Jamaica)			
	European Commission	European Investment Bank	Total
6th EDF	-	-	-
7th EDF	328,094	-	328,094
8th EDF	-	-	-
TOTAL	328,094	-	328,094
European Commission Budget			
Budget Line	Subject		
B7-2190	Humanitarian Assistance (ECHO)		-
B7-5023	Banana Support Programme		3,806,500
B7-6000	Non-Governmental Organisation		-
B7-6200	Environment		-
B7-6201	Tropical Forests		-
B7-6430	Decentralised Co-operation		-
B7-7020	Human Rights & Democratisation		-
TOTAL			3,806,500
TOTAL			57,910,064

Source: Jamaica-European Community (2000), Country Strategy Paper and National Indicative Programme 2001-2007.