



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

Final Report

Annex 8

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This report has been prepared by ADE  
at the request of the European Commission.

The views expressed are those of the  
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**Note:**

The main report and each of the ten annexes are presented in separate files.

This file contains only the [Annex 8 – Country Note Mexico](#)



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## List of Acronyms

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BDS	Business Development Services
CANACINTRA	Cámara Nacional de la Industria de la Transformación (National Chamber of Industry)
CAP	Common Agricultural Policy
CAS	Country Assistance Strategy – World Bank
CCI	Cross cutting issues
CEC	Commission of the European Communities
CMUE	Centro México Unión Europea (PIAPYME PMU)
CONACYT	Consejo Nacional de Ciencia y Tecnología (Sciences and Technology National Council)
CRIS	Common RELEX Information System
DAC	Development Assistance Committee
EC	European Community
EDF	European Development Fund
EU	European Union
FTA	Free Trade Area
GATS	General Agreement on Trade in Services
GNI	Gross National Income
GoM	Government of Mexico
IO	Intermediate Organisations
NAFIN	Nacional Financiera (a national development bank)
NAFTA	North America Free Trade Agreement
PAN	Partido de Acción Nacional
PIAPYME	Programa Integral de Apoyo a la Pequeñas y Medianas Empresas (Integrated Support Programme for Small and Medium Sized Enterprises)
PMU	Programme Management Unit
PRD	Partido de Revolución Democrática
PRI	Partido Revolucionario Institucional
PROTLCUEM	Programa de Facilitación del Tratado de Libre Comercio UE-México (Facilitation of the EU-Mexico Free Trade Agreement)

PSD	Private Sector Development
SMEs	Small and Medium Sized Enterprises
SPS	Sanitary and Phytosanitary
TA	Technical Assistance
USA	United States of America

# 1. Introduction

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## 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). **Mexico** was chosen given the importance of economic cooperation within the EC support to Mexico (35% of the total amount). Further, cooperation with Mexico has the particularity of being carried out in the context of a Free Trade Agreement - in effect since 2000 for goods and 2001 for services. Two specific programmes aim at supporting PSD in Mexico: at institutional level, Facilitation of the Free Trade Agreement (PROTLCUEM by its Spanish abbreviation) and at micro level, the Integrated Support Programme for Small and Medium Sized Enterprises (PIAPYME by its Spanish abbreviation). Mexico participates also to the AL-INVEST all-country programme.

#### 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

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### 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 Mexico, 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 Mexico 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 Mexico, 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 Mexico (see Annexes 4 to 6). On the basis of the information collected, the team finalized the Evaluation Question grids for Mexico.

## 3. Brief description of the context

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### 3.1 Economic and social Context

According to the World Bank, Mexico ranks in the upper middle-income category of countries with a Gross National Income (GNI) per capita of 3,260 US\$<sup>1</sup> in 2003. However, incomes are very unequally distributed and poverty in Mexico remains widespread, especially in rural areas where in 2000, 42% of the population lived in extreme poverty.

For the last two decades, the Mexican economy has been subject to recurrent financial crisis, major exogenous shocks and deep structural reforms. The economic transition began with the foreign debt crisis in 1982, which led to a radical shift in economic policy. Prior to the debt crisis, the economy had remained close to external trade and had established high import tariffs and prohibited the entrance of a wide range of commodities. This inward-looking policy of **import substitution** led to an average growth rate of over 6.5%, and resulted in significant improvement in GDP per capita and living standards<sup>2</sup>. However, production depended on the availability of foreign exchange with which to purchase the necessary inputs in foreign markets, as this was not accompanied by an efficient program that would replace imported inputs on which the national industry depended.

In 1994, Mexico was hit by another financial crisis. After this crisis, the government adopted a policy of trade liberalisation and a more open political system. A floating exchange rate regime was adopted. An export strategy helped the country to recover rapidly and Mexico experienced a growth rate of about 7% at the end of the year 2000.

Over the period 2001-2003, Mexico has experienced an average growth of only 0.6%<sup>3</sup>, which can be linked to the slowdown of the United States of America (USA) economy starting from 2001 and to the reduced demand for Mexican non-oil exports.

Mexico is the world's 13<sup>th</sup> largest economy, the 8<sup>th</sup> largest exporter of goods and services and the 4<sup>th</sup> largest oil producer<sup>4</sup>. Its commercial flows are strongly dependent on the USA market: in 2000 the USA represented over 80% of total Mexican trade. The trend is constantly increasing since the entry into force of the North America Free Trade Agreement (NAFTA) in 1994. Conscious of this weakness Mexico has undergone an important policy of diversification of its trade relations establishing an extensive network of bilateral and regional agreements on trade liberalisation. Mexico-EU Free Trade Agreement entered in effect July 1<sup>st</sup> 2000.

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<sup>1</sup> World Bank, Atlas Method 2003 (Mexico at a glance).

<sup>2</sup> IMF, "Mexico, Selected issues", Prepared by G. Meridith, E. Faal, V. Moissinac, M. Vera-Martin, and A. Bulir, September 29, 2004, p. 6.

<sup>3</sup> World Bank, "Memorandum of the President of the International Bank for Reconstruction and Development and the International Finance Corporation to the Executive Directors on a Country Assistance Strategy of the World Bank Group in Partnership with the United Mexican States", Report N°. 28141-ME, April 15, 2004, p. 5.

<sup>4</sup> EU-Mexico "Country Strategy Paper 2002-2006", p. 5.

**Mexico Export-Import Balance (in millions of US \$)**

Years	Export	Import	Balance
1997	110,431	109,807	643.60
1998	117,539	125,373	-7,933.80
1999	136,361	141,974	-5,613.00
2000	166,120	174,457	-8,337.10
2001	158,779	168,396	-9,616.70
2002	161,046	168,678	-7,632.90
2003	164,766	170,545	-5,779.40
2004	188,626	197,156	-8,530.00

*Source: Instituto Nacional de Estadística Geografía e Informática.*

### 3.2 Political development and government policies

The political scene of Mexico is occupied by three main political parties, namely the PRI (Partido Revolucionario Institucional), the PAN (Partido de Acción Nacional) and the PRD (Partido de la Revolución Democrática). In 2000, the election of Vicente Fox as President raised new hopes for the democratic consolidation of the country as this victory of the PAN marked the end of a 71-year rule of the PRI.

The new government has presented a **National Development Plan** that sets the priorities of the government actions for the period 2001-2006. In particular, this strategic document put the emphasis on the following issues:

- Promotion of **social and human development**, with a particular attention to the education component in order to enhance equity and equality of opportunities.
- Favour **growth with quality** thanks to improved economic competitiveness, improved education, and balanced regional economic development.
- Improve the State functioning by the promotion of **order and respect**.

The Fox government however suffers from the lack of parliamentary majority as growing divisions complicate the task of the government in its attempts to address some crucial areas such as fiscal policy, energy sector and the legal system.

Concerning **human rights**, the situation remains uncertain as, on the one hand, the new government has shown a willingness to work towards a consolidation of the rule of law, but on the other hand, there remains many challenges to be tackled such as ensuring a satisfactory access to a fair justice for the people, fighting against corruption, redefining the role of the army and the role of the police to avoid abuses, or addressing the problem of crime and drug trade.

The development of the South of the country, the Chiapas conflict and the question of the indigenous people are very much interlinked as they will condition the stability of the government and finding a peaceful long lasting solution to the conflict remains one of the current political challenges.

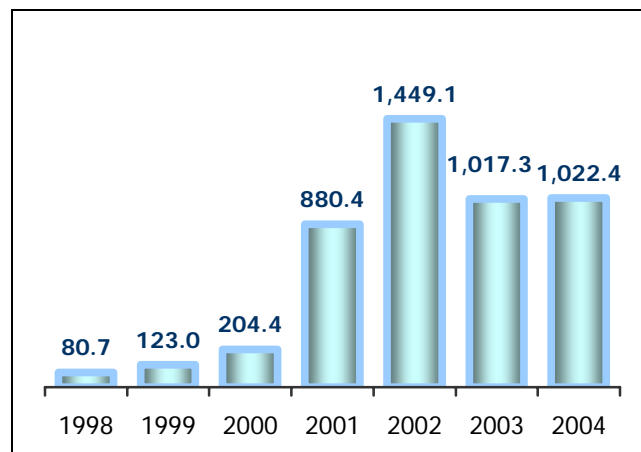
### 3.3 Private sector in Mexico

Around 98% of formal enterprises in Mexico can be considered micro, small or medium in size<sup>5</sup>. In 1999, they concentrated 60% of the employment, 43% of the investment and 49% of the added value to the GDP. However, the recurring economic crisis and the changes in economic policies have hampered the development of SMEs sector potentialities. Since the end of the 1980s, the number and the performance of SMEs are decreasing. Mostly domestic market oriented, they have faced significant limitations due to its slow growth.

The economic policies followed up during the last twenty years have brought greater benefits to major companies, national as well as foreigner. Major companies have been increasingly export-oriented, while their share of GDP and their productivity have increased. Exports continue to be dominated mainly by maquiladoras but also by petrol products: in 2003 maquiladoras represented 47.02% of exports and 11.23% were petrol products. This export model has not ensured strong links with the internal market and has not contributed to develop the supply chain.

Mexico's global competitiveness index is decreasing; it was the 32<sup>nd</sup> country in 1996 and in 2003 occupied the position 47<sup>th</sup>. The increasing polarization of the Mexican economy underlined by the weak performance of last years has brought the government of Mexico (GoM) to address entrepreneurial and in particular SMEs development in its National Development Plan (2001-2006) and its Economic Development Programme (2001-2006) and to increase consequently the budget allocated to SMEs development.

**Public support to Micro and SMEs - 1998-2004 (Millions of Pesos)**



*It includes only resources from the Sub-secretariat of SMEs, PYME, CRECE and COMPITE funds.  
It does not include NAFIN, BANCOMEXT, FONAES or FINAFIM  
Source: Secretariat of Economy*

<sup>5</sup> This does not include informal micro enterprises with subsistence strategies but only micro enterprises with accumulation strategies. The “Censo Económico 1999” estimated that there are in Mexico 2,046,879 subsistence micro enterprises (Source: FUNDES 2003).

The **Economic Development Programme** foresees to:

- promote an institutional framework conducive to entrepreneurial development,
- facilitate access to finance to enterprises and specially to the SMEs,
- promote entrepreneurial culture as a support to increase SME competitiveness,
- promote introduction of innovation and technology as a support to increase SME competitiveness,
- develop productive regions and sectors of the country,
- rebuild and develop supply chains in order to strength internal market.

These strategic lines were materialized by the “**Law for the development of the competitiveness of the Micro Small and Medium Sized Enterprise**”. Among other things, this law establish the instruments to support SMEs notably Fondo PYME (SMEs Fund). The Fondo PYME aims to finance four types of support:

- Creation and strengthening of enterprises and of strategic innovation
- Productive and Regional structuring
- Access to markets
- Access to financing

### 3.4 EC strategy

The relations between the EU and Mexico are governed by the Economic Partnership, Political Co-ordination and Co-operation Agreement (or “Global Agreement”) signed in Brussels in 1997. This agreement entered into force on October 2000<sup>6</sup> and sets out guidelines for economic association, political concentration and cooperation between Mexico and the EU.

The **trade aspects** are settled by two decisions establishing a Free Trade Area (FTA) in goods and services:

- The decision 2/2000 establishes a Free Trade Area in goods and provides for (i) the progressive and reciprocal liberalisation of trade in goods, (ii) the opening of agreed government procurement markets of the parties, (iii) the establishment of a co-operation mechanism in the field of competition, (iv) the setting up of a consultation mechanism in respect of intellectual property matters and (v) the establishment of a dispute settlement mechanism.
- The decision 2/2001 establishes a Free Trade Area in services and provides for: (i) the progressive and reciprocal liberalisation of trade in services, in conformity with Article V of GATS (General Agreement on Trade Services); (ii) the progressive liberalisation of investment and related payments; (iii) ensuring an adequate and effective protection of the intellectual property rights, in accordance with the highest international standards; and (iv) establishing a dispute settlement mechanism.

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<sup>6</sup> Published in the OJ L276 of 28 October 2000.

Those two decisions aim to favour a propitious business climate between both parts and to guarantee a transparent and secure regulatory framework.

Following the signing of the 1997 agreement, a **Country Strategy Paper 2002-2006** was drafted to define the framework of the EU-Mexico relations.

Given the fact that Mexico is a country in transition characterised by a dual society – one part of the population living in conditions similar to the Western developed countries whereas the other part is living in poverty – the objectives of the EC Cooperation programme are (i) to support the Mexican government to **fight against inequalities** and social exclusion, (ii) to **foster economic development** by strengthening bilateral economic ties and (iii) to **encourage the reform of the state** and the strengthening of the rule of law.

Given those three global objectives, the EC has chosen to concentrate its actions in the following **4 focal sectors**:

- In the sector of the **Social Development and reduction of inequalities**, the EC aims to target grass roots communities and the poorest parts of the country by developing productive projects and by increasing access and quality of health and education services available to this population.
- In terms of support to **economic growth**, the second focal sector, EC actions will be taken to facilitate the implementation of the Free Trade Agreement (notably by updating technical standards and regulations, or by acting at the level of custom authorities). In addition, the EC will support the Mexican SME sector in order to increase its competitiveness and efficiency and to reduce the difficulties faced by the SME in accessing EU markets.
- The third sector of attention concerns the **consolidation of the rule of law**. In this sector, EC interventions take place on the one hand in the area of the judicial system's reform programme and on the other hand, in the Human Rights domain through specialised EC budget lines.
- **Scientific and technical cooperation** is the last sector of concentration. In this sector, the EC will support the internationalisation of Mexico's knowledge and learning through science and technology cooperation with the EU and to foster the transfer of know-how between the regions to build up a technological partnership.

### 3.5 Other donors

Overseas development aid (ODA) is relatively small in Mexico due to the fact that it is a country with a medium-high level of income and member of the OECD. Therefore, both bilateral and multilateral donors have a limited activity in Mexico.

The main donor **among EU Member States** is **Germany** financing mostly environmental long-term projects (up to 12 years).

The **World Bank** provided 3.9 billion € for the period 1997-2000 through loans and executing specific projects. The Country Assistance Strategy (CAS) covering the period 2005-2008 envisages supporting four strategic pillars:

- **Reduce poverty and equality** through social protection and poverty related programs, education programmes, increasing the access to essential services such as pensions and health care, broadening the access to basic infrastructure services, low income housing, land ownership and facilitating the inclusion of woman and indigenous people.
- **Increase competitiveness** by acting in areas such as agriculture, financial services, corporate governance, and education.
- **Strengthen institutions** by among others increasing the dissemination of the Bank's analytical work and knowledge sharing, and helping to improve the macroeconomic forecasting.

**UNDP** concentrates its assistance in the major areas of poverty alleviation, productive integration, environment and democratic culture development. To reach its objectives UNDP-Mexico develop strategic networks between the government, the civil society and the private sector. Instead of finance directly projects, UNDP due to its limited resources offers specialised services in order to develop the capacity to implement projects in the different areas. The area **Productive Integration** aims to fight against poverty by improving the competitiveness of the private sector and its main project is "Development of supply chains" in association with Ministry of Economy, National Financiera (NAFIN) and the Chamber of Industry (CANACINTRA).

**USAID** annual contribution to development aid in Mexico is of 30 million US\$. USAID assistance included programs to prevent and control infectious diseases (such as tuberculosis and HIV/AIDS), partnerships between USA and Mexican higher education institutions, improve management of natural resources, and broaden access to financial opportunities. In addition, USAID collaborates with the Mexican government to achieve higher standards on accountability and openness.

## 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"> <li>i. Are there potential complementarities and synergies between expected results and have they been identified?</li> <li>ii. Are there possible contradictions between fields and have they been identified?</li> <li>iii. Should there be a prioritisation?</li> </ul>
<p>2B.1 Conditions to reach the expected results exist</p>
<p>It is not possible to say that conditions to reach expected results have been <b>identified</b> at the level of the strategy or the programmes but implicit conditions to reach the objectives of the EC support to PSD in Mexico exist and are taken into account.</p> <p>EC support to PSD in Mexico evolves in a context characterized by two main features: The Free Trade Agreement between the EU and Mexico (in effect since 2000) and the reform programme of the government and the now stable macroeconomic situation. The support strategy is well in line with these features and takes them explicitly into account. Moreover, the support to the Free Trade Agreement is at the core of the EC support to Mexico in the focal sector of economic growth. For these reasons, it can be said that the Free Trade Agreement and the economic reform programme of the government are implicit conditions to reach the objectives of the EC support to PSD in Mexico.</p>
<p>2D.1 There are potential complementarities and synergies between expected results</p>
<p>The two bilateral programmes (PROTLCUEM and PIAPYME) aim to contribute achieving the objectives of the EC support in the sector of economic growth. However, no synergies are highlighted in country or programme documents.</p> <p>At programme level, the PIAPYME shows that complementarity between different expected results is possible. PIAPYME is a programme specifically designed to support SMEs but it includes a component where Intermediate Organizations will participate as operators of the programme and where capacity</p>

building for these organisations will be possible. Note, however, that the aim is not to reinforce IOs by themselves but rather to use them as operators of the programme. Additionally, the complementarity with AL-Invest, an “all-country” programme, is underlined in programme documents as well as in the different presentations of the programme to potential beneficiaries.

Through interviews, the potential complementarity between PROTLCUEM and PIAPYME has been stressed to the evaluation team. Firms having received support to improve their capacity to access European markets will benefit of a more conducive institutional setting (certification, customs, etc.) However, the fact that the programme at micro level has started before the programme at macro/institutional level implies that –if any- only firms benefiting of the last period of PIAPYME may benefit of the improved institutional setting.

2D.2 Prioritisation of areas of intervention (expected results) leads to a better realisation of the purpose

The strategy does not entail any prioritisation between the different areas of intervention. Therefore, it would not be possible to find evidence in this regard. However, in 2D.1.3 is mentioned that the potential complementarities and synergies between PROTLCUEM and PIAPYME is jeopardized by the fact that PROTLCUEM will start at least one year after PIAPYME

### EQ 3 – Relevance of PSD strategy in a given country

<p><b>For a given country,</b></p> <p><b>A. Does the selection of the areas of intervention correspond to the CEC PSD strategy?</b></p> <p><b>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?</b></p>																	
<p>3A.1 The areas of intervention (expect results) in Mexico correspond to the areas proposed in the CEC PSD strategy</p>																	
<p>The evaluation team has found three bilateral projects and one “all-country” programme that can be considered as being part of EC support to private sector development. In spite of the fact that the programmes and the support strategy were identified before the PSD strategy was published, the three programmes broadly correspond to areas of intervention identified by the COM (2003) 267 and the Guidelines on Community support to PSD in third countries:</p>																	
	<table border="1"> <thead> <tr> <th>PSD Programme</th> <th>Expected Result (as per Intervention Logic)</th> <th>Level of Intervention</th> </tr> </thead> <tbody> <tr> <td>PIAPYME</td> <td> <ul style="list-style-type: none"> <li>▪ Capacity of intermediary organizations is enhanced;</li> <li>▪ More effective non-financial services.</li> </ul> </td> <td>Meso and micro</td> </tr> <tr> <td>PROTLCUEM</td> <td> <ul style="list-style-type: none"> <li>▪ Macro-economic, legal and regulatory framework more conducive to PSD.</li> </ul> </td> <td>Macro</td> </tr> <tr> <td>IMPULSO</td> <td> <ul style="list-style-type: none"> <li>▪ More effective non-financial services.</li> </ul> </td> <td>Micro</td> </tr> <tr> <td>AL-Invest</td> <td> <ul style="list-style-type: none"> <li>▪ More Investment and b-to-b cooperation.</li> </ul> </td> <td>Meso and micro</td> </tr> </tbody> </table>	PSD Programme	Expected Result (as per Intervention Logic)	Level of Intervention	PIAPYME	<ul style="list-style-type: none"> <li>▪ Capacity of intermediary organizations is enhanced;</li> <li>▪ More effective non-financial services.</li> </ul>	Meso and micro	PROTLCUEM	<ul style="list-style-type: none"> <li>▪ Macro-economic, legal and regulatory framework more conducive to PSD.</li> </ul>	Macro	IMPULSO	<ul style="list-style-type: none"> <li>▪ More effective non-financial services.</li> </ul>	Micro	AL-Invest	<ul style="list-style-type: none"> <li>▪ More Investment and b-to-b cooperation.</li> </ul>	Meso and micro	
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<p>However, as shown in Question 4, the specific objectives of these programmes do not always correspond to the PSD strategy elaborated by the Commission.</p>																	
<p>3B.1 The selected areas of intervention (expect results) correspond to clearly identified needs of Mexico in terms of PSD</p>																	
<p>The EC support strategy to PSD in Mexico and the proposed areas of intervention correspond to policies and priorities of the Mexican government.</p> <p>In order to reduce the dependency of Mexican economy to the USA (80% of Mexico’s exports go to the American market), the government of Mexico seeks to reinforce its economic links with other regions, including the European Union. Evidence of this is the number of trade agreements that Mexico has signed with different countries and regions. EC support to Mexico corresponds to this policy and aims to promote the Free Trade Agreement between Mexico and the EU in effect since 2000. As stated in the CSP, the global objective of the EC support to Mexico in the field of economic growth aims to: (i) facilitate the implementation of the Free Trade Area and (ii) foster trade and investment.</p> <p>Further, the two areas proposed to achieve these objectives also correspond to national priorities. The first area is “Support to the Implementation of the FTA” through capacity building and technical assistance in the fields of customs, certification and technical standards, Sanitarian and Phytosanitarian (SPS) measures, etc. This area is materialised in the programme PROTLCUEM. The second area, “Support to SMEs”, is materialised in the PIAPYME programme and seeks to increase Mexican SMEs’ awareness of export opportunities into the EU. It is important to notice that the CSP indicates that “the difficulties faced by their SMEs in accessing the EU market are a long-standing cause of Mexican complaints, and co-operation</p>																	

aimed at reducing these difficulties would make trade relations less strained.” Both programmes correspond to the government policy of diversifying trade relations with other regions and accessing new markets. The second one, “Support to SMEs”, also corresponds to the government policy on SME. It should be noted that under the new administration, a vice-ministry of SMEs within the ministry of Economy was created to further encourage and support SME development in Mexico notably through the “Fondo PYMEs” (SMEs fund). Details of the SME policy of the government in Section 3

## EQ 4.1 – Effectiveness - Business environment

**To what extent did EC interventions make the institutional, macro-economic and legal and regulatory framework more conducive to PSD?**

41.1 EC support to the institutional setting has contributed to the development of the business sector

The programme Facilitation of the Free Trade Agreement EU-Mexico, commonly known by its Spanish abbreviation **PROTLCUEM**, was designed in the context of the Mexico-EU Free Trade Agreement (FTA). The FTA is effective since 2000 however effects on bilateral trade relations have been less important than expected.

PROTLCUEM aims to contribute to the institutional setting through its 8 components: Customs; Technical Norms; SPS Norms; Investment; Competition; Consumer Protection; Intellectual Property; and Information. The direct beneficiaries of this programme are public institutions. Mexican companies exporting to Europe and European companies exporting to Mexico will be the final beneficiaries.

Unfortunately this programme has not yet started and its contribution to the development of the business sector still potential.

### EQ 4.3 – Effectiveness - Intermediate organisations (IO)

- A. To what extent did EC interventions help IO to increase their capacity to conduct a policy dialogue with the government;**
- 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?**

43B.1 IOs provide more and better services to their members as a result of EC support

No EC intervention in Mexico aims at increase IOs capacities to provide more and better services to their members. However IO can participate as operators of **PIAPYME** and **AL-INVEST** programmes. This can be considered an indirect way to improve their capacity to supply services and further these programmes also offer direct capacity building to its operators.

The implementation of the **PIAPYME** is based on operators; IOs can subscribe among other type of organisations. Operators have two roles. On the one hand, they are the initiators of the activities; as such they prepare an application dossier and submitted it to the CEAP (Committee for Evaluation and Approval of Projects), once it is approved they are in charge of the follow up. On the other hand operators can also be beneficiaries of the programme as component III foresees capacity building activities for operators.

For the moment there are 113 operators registered in the PIAPYME database, among which 3 Chambers of commerce and 7 Entrepreneurial Associations. From the 22 projects submitted by operators only 1 corresponds to an IO. As the program has just begun it has not yet achieved results. Is therefore difficult at this stage to estimate the, direct and indirect, effects of the programme on operators and specifically on participating IO.

**AL-INVEST** sub-projects are proposed and operated by COPECOS in Europe and EUROCENTROS in Latin America. During AL-Invest I and II, these operators - mostly hosted by IOs - received methodological support in order to achieve the expected results in an effective manner. Since AL-INVEST III proposes three new components to support operators, reinforcement to COOPECOS and EUROCENTROS has become more direct.

But the direct and indirect reinforcement the IOs can obtain from AL-INVEST is limited in Mexico by the choice of the institutions hosting the EUROCENTROS. There are 4 EUROCENTROS in Mexico hosted by the following institutions: CANACINTRA, Bancomext, Nafin and TEC Monterrey. Only one of them is an IO namely CANACINTRA. Yet the rules of AL-Invest indicated that EUROCENTROS should be hosted by: Chambers of Commerce and Industry, Employers Federations, Professional Associations and Consulting Companies.

A situation of unequal competition between EUROCENTROS can be also underlined as Bancomext and Nafin, both public development banks, provide additional resources to their EUROCENTROS increasing their capacities respect to EUROCENTRO CANACINTRA.

Regarding CANACINTRA's particular case, thanks to its EUROCENTRO this organisation has increased the number, the type and the quality of services provided. The EUROCENTROS have won important methodological knowledge implementing AL-INVEST activities: i) sectorial meetings, ii) active research of partners (ARIEL), and iii) industrial meetings for regional development (AL-Partenariat). As a result, on request, the EUROCENTRO CANACINTRA provides services (i.e.: preparation of agendas for commercial tours or fair trade, research of partners...) outside AL-INVEST funding. Although EUROCENTRO CANACINTRA functions as an independent body. It provides services to all the enterprises that fit in AL-INVEST events in which this EUROCENTRO is involved or to enterprises that request in a private way for them and not only to CANACINTRA members. Further, there is not share of experiences with the rest of the organisation. CANACINTRA representations in other states are supposed to insure the national coverage of the EUROCENTRO but they consider that support is almost inexistent and some consider applying to AL-INVEST III in order to create their own EUROCENTRO.

## EQ 4.4 – Effectiveness - Investment promotion and b-to-b cooperation

To what extent did EC interventions increase trade, investment and general b-to-b cooperation?	
44.1	EU interventions increased trade, investment or general b-to-b cooperation
	<p>Improvement of trade relations is the principal objective of EC PSD interventions in Mexico. Country Strategy Paper for Mexico established economic cooperation as a focal sector in the frame of the FTA UE-Mexico. Investment and general b-to-b cooperation are also supported by the interventions through specific components.</p> <p><b>PROTLCUEM's</b> Specific Purpose specifically mentioned the promotion of commercial and investment transactions under the FTA EU-Mexico. All the components pursued generally this objective. In particular, component 4 of the PROTLCUEM aims to stimulate the European investments in Mexico. The resources planned are modest (3%). The activities will be: updating of an investors guide, studies on investment statistics, Technical Assistance to the Investment General Directorate. The implementation has not begun yet as explained in efficiency (See 6D.1) and no results have been achieved at this point.</p> <p><b>PIAPYME's</b> Specific Purpose is to increase the competitiveness and the export capacities of SME. During the first months of implementation, the project has focus in developing SMEs capacities to export to the EU. Regarding investment and b-to-b cooperation, expected result 3 of the PIAPYME is “enhanced business co-operation to promote joint investment and strategic alliances between Mexican and European SMEs to speed up their process of modernisation and internationalisation”. No activities related to this component have been undertaken at this point. The programme is at the beginning of its implementation and the first activities executed up to now focalised more on vulgarisation of the PIAPYME, training and production reorientation.</p> <p><b>AL-INVEST</b> was launched in 1994 with the aim to strength economic cooperation between European and Latin American firms and encouraging investment and commerce. AL-INVEST I and II programmes were very active. The design of a specific methodology and the establishment of specific service providers' network (EUROCENTROS-COOPECOS) have enhanced the realisation of events and improved the efficiency. But at the end, the number of transactions still moderate. During AL-INVEST I and II, 5,798 Mexican companies have been concerned by the organized events; among them 1,603 have travelled to Europe. 185 transactions were concluded, for an estimate amount of 55.5M€, 27 were joint ventures.</p> <p>Services are also offered outside the AL-INVEST funding. According to interviews, it is common to use the network and the methodology on special request. But the demand is still limited and still very much related to the availability of AL-INVEST funds. According to the EUROCENTROS there is little spontaneous demand for this kind of services, Mexican exporting companies are still in their majority oriented to USA market.</p> <p>AL-INVEST I and II activities were mainly Business Meetings pursuing in the majority of cases to conclude commercial transactions. Less attention was put on investment and b-to-b promotion through ARIEL activities. This is the result of the demand as in general the objective of the beneficiaries companies is to sale, but also the result of the system of remuneration that makes organisation of business meetings more attractive to EUROCENTROS. In fact, for Business Meetings the participating operators are paid for each company effectively present in the event, but in ARIEL activities the process is longer and the final subsidy is only fixed according to the number of agreements effectively signed.</p> <p>AL-INVEST III foresees to continue with Business Meetings and plans also new facilities to enhance its support to trade, investment and b-to-b cooperation such as:</p> <ul style="list-style-type: none"><li>▪ Latin American/European Weeks, with the objective of increasing information that companies receive when assisting to a trade fair.</li><li>▪ Business Development Facility, to bring personalised assistance to develop internationalisation business plan by search of potential overseas partners.</li><li>▪ SME Partnership aiming to support companies that already developing a joint business plan or project.</li></ul>

## EQ 4.5 – Effectiveness – Business Development Services

**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

Two programmes provide non-financial services to the enterprises, AL-INVEST III and in a greater measure PIAPYME, but in neither of these cases the aim is creating a competitive BDS market.

**PIAPYME** intervenes on BDS markets at transaction level providing subsidized services to companies. It will influence the BDS market in three ways: using local service providers as intermediates, increasing their capacity and bringing external expertise.

First, established public and private service providers can participate in the programme as intermediaries (operators). The role of the operators is to submit sub-projects to the approval of the programme, the PIAPYME subsidises 100% and the companies should pay 30% to the operators for their intermediation work.

Second, operators will be supported in order to enhance their capacity to multiply the impact of the programme and they will also be the pivot for the technology transfer, know-how and technologic innovation from Europe to Mexico through training of trainers.

Third, services supported by the programme will be mostly provided by European Consultants. On the one hand, the use of the European Consultants will not improve the offer of BDS neither will reinforce the confidence of demand on local BDS market in the long term. On the one hand, given the limited outreach of the PIAPYME, it is not possible to speak of market distortion.

**AL-INVEST III** as an innovation respect to other phases proposes a Capacity Building for SMEs facility where seminar, workshops or other training activities on internationalisation strategies will be offered to SMEs. It will include a “Theory Module” and a “Practical Application Module”. The activity will be planned through its EUROCENTROS network. The development of a competitive BDS market is not among its objectives. AL-INVEST III was build-up on past experiences, AL-INVEST I and II as well as ATLAS. The identification did not take into account orientations of external references, like the Blue Book, for the design of new components.

## EQ 5 – Sustainability

<b>To what extent are the effects (expected results) of the interventions likely to continue at the end of the EC support?</b>	
5.1	The effects of CEC PSD strategy in Mexico is likely be long-lasting
No risks and assumptions have been properly identified with regards to the PSD support strategy in Mexico. However, as mentioned in 2B.1, EC support to PSD in Mexico evolves in a context characterized by the Free Trade Agreement EU-Mexico and the reform programme of the government. The two main implicit assumptions could then have be defined as (i) that Mexico continues to give priority to the Free Trade Agreement with the EU and (ii) that the government continues to implement its macroeconomic and trade policies. So far, there are no signs that these assumptions will not be fulfilled.	
5.2	Institutional, macroeconomic, legal and regulatory improvement is not disappearing / has not disappeared after EC intervention
The <b>PROTLCUEM</b> has not yet started its implementation; no results have been achieved at this point.	
5.4	Reinforcement of IO position is not lost after EC intervention finishes
<b>AL-INVEST.</b> The position of EUROCENTRO CANACINTRA as service provider could be sustained after the end of the programme as it provides the same kind of services, on request, outside the AL-INVEST programme. However, according to the interviews, AL-INVEST services are not sustainable and will disappear as soon as the subsidies are finished, as there will be no demand. For example, there is no evidence of companies supported once through AL-INVEST funding required assistance again on individual basis.	
5.5	Business-to-business cooperation, trade and investment continues to expand after EC intervention
The direct contribution of AL-INVEST I and II to the evolution of number of mutual agreement is difficult to establish. The programme does not have long-term indicators. Evidence of long-lasting effects of AL-INVEST I and II at this level could not be collected during the mission. <b>PROTLCUEM, PIAPYME</b> and <b>AL-INVEST III</b> programmes are still to be implemented. The potentialities of replicability are few for PIAPYME and AL-INVEST given the set up of the programme.	
5.6	A competitive BDS market continues to function after EC intervention has finished
PIAPYME does not aim at BDS local market development	

## EQ 6 - Efficiency

<p><b>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:</b></p>
<p><b>A. The deconcentration process and the support given by HQ</b></p> <p><b>B. The preference given in some regions to all-country programmes</b></p> <p><b>C. The preference given in some regions to promote local expertise instead of using international support</b></p> <p><b>D. Other organisational set-up or management systems and processes.</b></p>
<p>6A.1 The deconcentration has contributed to the efficiency of the EC interventions</p>
<p>The deconcentration dates back to 2002. The CSP 2002-2006, which plans the interventions analysed, is part of the new framework for EU-Mexico relations following the signing of the Economic Partnership, Political Co-ordination and Co-operation. Before that there was no major bilateral intervention of the EC in Mexico.</p> <p>The Delegation played a leader role in the identification of the programmes analysed with clear advantages on the identification of the needs. Delegation, for its proximity, has a good understanding of the context and can maintain a closest dialogue with the institutional beneficiaries. However the design of the programmes did not took into account lessons learned from similar interventions implemented in other countries; neither enhanced best practices for PSD interventions.</p> <p>The way from identification to the implementations has been very long for all the national projects. This is mainly caused by the difficulties to match Mexican legislation with European Financial Rules and is aggravated by the little experience on both sides – Delegation and Mexican authorities – managing cooperation programmes. Delegation and Headquarters did not collaborate to overcome legal, financial and thematic difficulties. The Delegation is been very present on the field in order to find practical solutions. Even though Headquarters still have reserves on the found solutions for the <b>PIAPYME</b> and the procedural follow up. The <b>PROTLCUEM</b> is still waiting for an agreement of its legal form even though it was signed in November 2004. And, <b>IMPULSO</b> a programme identified in order to strength the innovation capacity of the Mexican companies has not yet been signed for the same reasons.</p> <p>The presence of the Delegation is also very strong beyond procedures and is very much involved in the implementation. The workload is important and little time is devolved to the strategic and planning activities.</p>
<p>6B.1 The use of “all-country” programmes has contributed to the efficiency of the EC interventions</p>
<p>In the case of Mexico, the all-country programme most used is AL-INVEST. Its speed of decision-making resides in the long experience of this programme and the efforts to train operators to its particular methodologies. But there is no sign that they contribute more efficiently to PSD than bilateral programmes.</p> <p>A particularity in Mexico is that the Delegation was very much aware of AL-INVEST activities. The Delegation is involved in the information dissemination of AL-INVEST in Mexico but there are in fact no responsible at procedural level.</p>
<p>6C.1 The use of local expertise has contributed to the efficiency of the EC interventions</p>
<p>There is little use of local expertise in EC interventions in Mexico. The component of short International Technical Assistance is very high in <b>PIAPYME</b> and <b>PROTLCUEM</b>. The system found out in the <b>PIAPYME</b>, one global contract for all the International Technical Assistance, allows to not crowding out</p>

the project managers at the Delegation with international tender dossiers. Further, the effort of planning should not be short cut within this facility in order to obtain the best consultants.

There are complains about the high costs of the international experts and the necessity of having international experts.

6D.1 The organisational set-up and management system has contributed to an efficiency implementation of the programme

The juridical and financial setting up of the bilateral programmes, **PIAPYME** and **PROTLCUEM** faced and are still facing serious problems. There are difficulties to match European Commission financial rules and Mexican regulation. (i.e. fideicomiso, Mexican officials implementing external rules...)

In particular there is the problem of matching European financial rules with the use of the Fideicomiso. The Fideicomiso is a juridical structure; the equivalent of a Trust. The current Mexican government is using it intensively to manage public funds. The main characteristics of the fideicomiso are that: i) it offers a transparent management, ii) it offers stability to policies because when funds are allocated they are not demobilised annually, and iii) the objectives to which the capital can be used are clearly established. Given the fact GoM had created numerous mechanisms to finance SMEs development it was decided that the national counterpart for the PYAPIME will come from the Fondo PIAPYME, which is a fideicomiso. This decision allowed starting the implementation of the PIAPYME but the consequences have been heavy. For example, national rules of the fideicomiso do not allow covering operating expenditures. It is also the case of European rules. Therefore, for the moment, the programme does not have funds to cover these expenditures and Bancomext, the hosting institution of the PIAPYME Programme Management UNIT (PMU) the Centro México Unión Europea (CMUE), is covering some of them.

Other checks are slowing down the effective implementation of the **PIAPYME**:

Personal tensions between the actual national director and the Team Leader of the International Assistance, the Delegation and the Ministry of Economy have strongly hampered the realisation of activities.

It is important to underline that in December 2004 the Director of the CMUE received notification of its future replacement but since then no substitute has been appointed. Therefore, the Director is still in function but has at the same time assured his previous position inside Bancomext with the subsequent overload of work.

The rules of operation are still not clear; the approval of sub-projects is not always justified. Many sub-projects approved are still waiting for a complement of information from the beneficiaries. Few activities have been achieved up to now.

A single global contract of Technical Assistance allows speeding up the access to short-term experts avoiding constant tender procedures. However, up to now the quality of the European Experts has not always been satisfactory due mainly to a lack of planning and too short preparation of the activities.

Regarding **PROTLCUEM**, the identification study was not satisfactory and the Ministry of Economy continued internally it and reactivated a consultation of all the beneficiaries' institutions. These negotiations were long in order to balance the different component of the programme.

But the principal reason for which **PROTLCUEM** has not yet started is that the parties are still looking after the more convenient juridical structure. The Mexican financial counterpart is not yet ensured even if the programme was signed in November 2004. Given the problems faced by **PIAPYME** the idea of establishing a Fideicomiso has been abandon and it seems that the programme will be finance through a classical budget line. However, this is not a definitive solution. On the one hand, the government does not have the majority at the Congress and it is possible for the opposition parties to block the decision. As this budget line needs to be programmed annually, it seems that the availability of funds would be a permanent threat during the whole programme lifetime. On the other hand, problems within the European financial procedures remain as Mexican officials can not follows other rules that the nationals ones.

## EQ 7 – Coherence (within EC action)

- A. To what extent does the CEC PSD policy in general take into account other EU strategies and policies?
- B. To what extent does the CEC PSD support strategy within a country strategy take into account:
- i. The support given to other sectors within the same country strategy?
  - ii. Other EU strategies and policies
- C. To what extent do national or regional EC PSD programmes within a country take into account:
- 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

### 7B.1 The CEC PSD support strategy within a country takes into account other EU interventions

The CSP explicitly refers to the **coherence between EC support to Mexico and other EC policies**. In particular it mentions the following policies, strategies or orientations: trade; common agriculture policy; sanitary and phytosanitary (SPS) control and consumer's protection; internal market and competition; research and development; environment, conflict prevention; justice and home affairs; and the information society. The coherence with each of these policies or strategies is analysed and while it considers that overall the support strategy to Mexico is coherent with these other EC policies, the CSP also raises a number of issues representing a risk to the complementarity. The two most important are:

- The **Common Agricultural Policy (CAP)** is “perceived by Mexico as a protectionist policy for European products. Even though some studies carried out in the context of the negotiations for the FTA showed that EU and Mexico agricultural products are in general complementary, it should be noted that products included in the CAP are the object of special treatment under the EU-Mexico FTA, being excluded from the bilateral liberalisation process”.
- The implementation of **SPS** controls is also “perceived by Mexico as a non-tariff trade protection measure that prevents certain products – mainly agricultural - from obtaining access to European markets. At the same time, Mexico has questioned the non-reciprocity of the EC regarding the implementation of certain Community principles, such as that of regionalisation”.

Regarding **coherence between the different sectors of intervention**, there is no reference to possible coherence or complementarity between support to PSD and two other sectors of intervention: “Social development and reduction of inequalities” and “Consolidation of the rule of law”. When presenting the areas of intervention for the four sector “Scientific and technical cooperation”, the CSP indicates that “cooperation in this sector will support the implementation of the Mexican science and technology action plan 2001-2006 and will concentrate, on the one hand, on activities focussed on solving problems related to the well-being of the population, such as nutrition, health, education, environment and poverty alleviation; and on the other, *on linking innovation and production to help local and EC enterprises to keep pace with the constant challenges of the new global economy.*” It was initially decided to hold the identification of a science and technology programme until 2005 to be able to identify needs and possibilities. Indeed, at the time of the mission (March 2005), the IMPULSE programme had been identified: a feasibility study had been carried out and a financing agreement had been discussed. More important in terms of the coherence, it was decided that in view of the specificity of the programme and its strong links with private sector development, it should be managed within the Delegation by the Economic Cooperation Section in parallel to the PIAPYME and PROTLCUEM programmes.

7C.1 National or regional EC PSD programmes within a country take into account other EC interventions

At programme level, reference is made **between PSD programmes** in Mexico. In particular, between PIAPYME and AL-Invest programmes as they have some similar components. Up to now no mechanism has been set up to ensure complementarity, to generate synergies or to avoid conflicts and overlaps between these two programmes.

**PIAPYME** programme documents mention several times that the beneficiary (the Ministry of Economy - Vice-Ministry for Small and Medium Enterprises) shall ensure complementarity and shall generate synergies with other programmes such as AL-Invest and PROTLCEUM. In particular, it indicates that under its Component III - Activities for the Operators, “a coordination mechanism with the Phase III of AL-Invest Programme will be foreseen in order to avoid duplications and create synergies between both programmes”. By the time of the mission, no mechanism had yet been set up but the flow of information between the two programmes (management, operators and beneficiaries) was important. Moreover, it was clearly expressed by some (potential) operators that - in their view – the programmes proposed the same kind of support and that, given the financial conditions of each programme, they already had preferences.

On the other hand, no mention of the PIAPYME has been found in **AL-Invest** documents, which is to be expected given that it is a regional programme and thus no specific to Mexico. Nevertheless, the director of the AL-Invest programme was well aware of the existence of the PIAPYME and during his dissemination tour in Mexico, he was due to hold interviews with the PIAPYME management unit.

**PROTLCEUM** or **IMPULSE** programme documents do not mention other PSD programmes in Mexico.

PSD programme documents do not refer to **other EC policies** and the team has not found direct evidence through interviews on this issue. However, the different PSD programmes in Mexico do incorporate the fact that many EC policies affect trade relations between Mexico and the EU and aim precisely to overcome the difficulties that some of these policies may bring. It is the case of PROTLCEUM, which will provide institutional support on Technical Norms (Component II) or Sanitarian and Phytosanitarian measures (Component III) to facilitate access to the EU market to Mexican firms. It is also the case the PIAPYME that may give the same type of support at the firm level, for example, providing an expert on SPS to a firm willing to export to the EU.

No evidence has been found at programme level of references made to EC support to Mexico in sectors other than economic growth.

## EQ 8 – Coordination (with other donors)

<b>To what extend is there coordination between donors, both at central and at country level?</b>	
8.2	The EC actively participates to multi-donor coordination process at country level
<p>Overseas development aid (ODA) is relatively small in Mexico due to the fact that it is a country with a medium-high level of income and member of the OECD. Therefore, both bilateral and multilateral donors have a limited activity in Mexico. As a consequence, donor coordination is quite limited. Still, some of them are present with projects in different sectors; the CSP 2002-2006 presents information on the activities and programmes of the main bilateral and multilateral donors, including Member States.</p> <p>Among the few activities bringing together the donor community, we find four thematic groups set up by the European Commission and Member States. The group on Economic Cooperation is lead by the Delegation; as it is the group on Social and Environmental Development; the group on Institutional Support is lead by Spain and the group on Science and Technology, Education and Culture is lead by France and had its first meeting in March 2005 with 13 people present. The aim of this meeting was to exchange information and explore the possibility of improved coordination. The meeting showed that all present donors worked with CONACYT (Sciences and Technology National Council) and had projects related to university work, scientific research, scholarships for students and, moreover, that they face a number of similar problems, for which they now consider to take coordinated actions.</p> <p>Apart of these working groups, no evidence has been found regarding distribution of tasks or joint programmes or activities between different donors. One example has been found regarding potential complementarity between two programmes:</p> <ul style="list-style-type: none"><li>▪ In August 2004, the UNDP organized the workshop “Mexico towards an advanced economy in the XXI century” with two objectives. On the one hand, to open a platform of discussion on the factors accelerating or slowing down competitiveness of Mexican enterprises compared to others countries. On the other hand, to present the different projects to support SMEs that are (or will soon be) carried out in Mexico in order to search for synergies and complementarities. In that frame, the EC was invited to present the PIAPYME programme. It was concluded that the programmes were very close although with different focus - the EC programme focusing on possibilities of trade with the EU only - and, further, that coordination should be enhanced. No practical agenda was decided and by the time of the mission (March 2005) no further steps had been taken.</li></ul>	

## EQ 9 – Cross cutting issues (CCI)

<b>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?</b>	
9.2	CCI are taken into account in the PSD strategy and by programmes in Mexico
<p>The CSP consider the following topics as cross cutting issues that should be taken into account during the whole programme cycle: gender; environment; respect for cultural diversity and traditional values; decentralisation and civil society participation; fight against corruption and use of information and communication technologies. Special attention should be given to gender and environmental issues.</p> <p>Moreover, certain focal sectors of the CSP give particular importance to the issues of gender and good governance through the support to the focal sectors “Social development and reduction of inequalities” and “Consolidation of the Rule of Law/institutional support”. However, concerning the focal sector “Economic Growth” there is no explicit mention to cross cutting issues.</p> <p>In the basic documents of the <b>PIAPYME</b>, environment and gender are recognised as cross cutting issues. They foreseen to exclude any activities that may imply environmental damage and to prioritise specifically environmental focused projects as well as projects benefiting women entrepreneurs; but there is no real evidence that this rules are effectively applied. Some projects approved are related to bio production but this, apparently, has more to do with the evolution of the market than with the approach of the programme. In fact there are difficulties to apply cross cutting issues, above all gender issues, besides the speech.</p> <p><b>PROTLCUEM</b> mentions environment and gender as sustainability parameters.</p>	
9.3	A CCI is treated through a specific project or programme in the frame of the PSD support in Mexico rather than as an horizontal issue
There is no PSD intervention that covers specifically this issue.	



## 5. Conclusions

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### 5.1 Relevance and Design

The EC support to private sector development and the areas of intervention proposed to carry out this support cannot be said to completely correspond to the PSD strategy proposed by the Commission.

The reason is that the objective of EC support to Mexico in the sector of 'economic growth' is not to contribute to enhance private sector's competitiveness in Mexico in general terms but rather to facilitate the implementation of the Free Trade Area and to foster trade and investment between the two regions.

On the other hand, this double objective is relevant to the objectives of the cooperation agreement between the EU and Mexico and to the ALA regulation. It also corresponds to the priorities of the Mexican government with regard to trade and SME policies (market diversification and SME promotion).

### 5.2 Effectiveness

PSD programmes in Mexico are only starting and it is therefore difficult to analyze effectiveness. Yet, the design of the programmes gives us some elements to analyze potential effectiveness. These are presented by area of intervention (expected result):

The PROTLCUEM programme aims to **improve the institutional frame** through support to several institutions (customs, certification, SPS measures, etc.) The programme has not yet started and the only challenge so far is to avoid the administrative problems of PIAPYME.

Improving the capacity and competences of **Intermediate Organizations (IOs)** is not the aim of any of the programmes analyzed, yet PIAPYME and AL-INVEST use IOs as programme operators and as such they may increase the capacity of IOs as service providers. So far, evidence in this regard is not conclusive.

**Trade and b-to-b cooperation** is at the core of EU cooperation with Mexico. Components of PIAPYME, PROTLCUEM and AL-INVEST contribute to this expected result but only AL-INVEST aims specifically to it. According to different sources, the programme has been very active and has carried out a large number of activities to encourage trade and investment. However, coverage remains limited.

Providing **business development services** to firms is the main objective of PIAPYME. The programme concentrates on providing free BDS to firms targeting the EU market. Although the programme may be effective if the activities are carried out (which is not yet the case (see efficiency), coverage will remain limited due to the design of the programme.

### 5.3 Sustainability

Cooperation with Mexico is recent and factors ensuring the sustainability of the PSD support strategy have not been defined in the CSP. For the programmes analysed, these factors have not been defined either.

An intervention is sustainable when the effects continue after the end of the intervention. However, for certain interventions such as financial and non-financial services provided to enterprises, a second level of sustainability should be analysed: the sustainability of the activities themselves. These activities are sustainable if they are taken over by private actors once EC support ends. An early sign of sustainability would be the replicability of the activities. If no private player tries to provide the same services in competition with the project, it is unlikely that these services will be taken over at the end of the EC intervention. In the case of Mexico, meso and micro level programmes including subsidized services to enterprises have not incorporated these lessons from past experience. They do not attempt to reinforce the market for such services and as a consequence they face problem of lack of sustainability.

### 5.4 Efficiency

A number of issues regarding efficiency are present in Mexico. It is, in particular, the case of the difficulty to match European Commission financial rules and Mexican legislation (for example, the use of a trust). This is affecting the implementation of the PIAPYME, PRO'TLCUEM and IMPULSO. For PRO'TLCUEM (which was signed in November 2004) and IMPULSO, the government and the Delegation are still looking for a juridical structure that is convenient for both sides.

In the case of PIAPYME, other factors, such as personal tensions between the current national director, the Team Leader of the International Assistance, the Delegation and the Ministry of Economy, have also strongly hampered the implementation of activities.

### 5.5 Coherence

#### **With respect to other EC policies**

The CSP explicitly refers to the coherence between PSD support to Mexico and other EC policies. In particular, it mentions the following policies, strategies or orientations: trade; common agriculture policy; sanitary and phytosanitary (SPS) control and consumer's protection; internal market and competition; research and development; environment, conflict prevention; justice and home affairs; and the information society. While it considers that overall the support strategy to Mexico is coherent with these other EC policies, the CSP also raises two of issues representing a risk to complementarity: the Common Agricultural Policy and SPS measures which are both perceived by Mexico as protectionist measures to prevent agricultural products to access the EU market.

## **With respect to EC support to other sectors in Mexico**

No reference is made at the strategic or programme level to EC support to the focal sectors “Social development and reduction of inequalities” and “Consolidation of the rule of law”. On the contrary, support to “Scientific and technical cooperation” is presented with two main focuses, one being “*linking innovation and production to help local and EC enterprises to keep pace with the constant challenges of the new global economy*”. Further, it was later decided that in view of the specificity of the programme identified for this sector and its strong links with private sector development, it should be managed within the Delegation by the Economic Cooperation Section in parallel to the PIAPYME and PROTLCUEM programmes.

## **Between PSD programmes in Mexico**

At programme level, reference is made between PSD programmes in Mexico. It is particularly the case between PIAPYME and AL-Invest programmes as they have some similar components. However, up to now no mechanism has been set up to ensure complementarity, to generate synergies or to avoid conflicts and overlaps between these two programmes.

## **5.6 Coordination**

Donor coordination and more in particular in the area of PSD is very limited. One of the reasons is that both bilateral and multilateral donors have a limited activity in Mexico given that it is a country with a medium-high level of income and member of the OECD. Yet, there are four thematic groups set up by the European Commission and Member States. The group on Economic Cooperation is lead by the Delegation; as it is the group on Social and Environmental Development; the group on Institutional Support is lead by Spain and the group on Science and Technology, Education and Culture is lead by France.

## **5.7 Cross cutting issues**

The CSP indicates that a number of cross cutting issues should be taken into account during the whole programme cycle: gender; environment; respect for cultural diversity and traditional values; decentralisation and civil society participation; fight against corruption and use of information and communication technologies.

Basic documents of the PIAPYME programme mention environment and gender as cross cutting issues. The programme foresees to exclude activities that may imply environmental damage and to prioritise projects focused on the environment or benefiting women entrepreneurs. However, there is no evidence that these rules are applied or how they may be applied. In fact, stakeholders do wonder how to mainstream cross cutting issues in their programmes.



# **ANNEXES**



## **Annex 1 - People interviewed**

### **Delegation of the European Commission**

<b>Organisation</b>	<b>Name</b>	<b>Title</b>
Delegation of the European Commission in Mexico	Claudia Berlanga Zubiaga	Economic Advisor
Delegation of the European Commission in Mexico	Aur�lie Pancera	Cooperation Programmes Advisor

### **PIAPYME Management Unit**

<b>Organisation</b>	<b>Name</b>	<b>Title</b>
IAPYME Management Unit	Jose Luis Ranjel	National Director
IAPYME Management Unit	Yves Rambaud	Chief of the European Technical Assistance

### **National Authorities**

<b>Organisation</b>	<b>Name</b>	<b>Title</b>
Ministry of Economy – SME Sub-Secretariat	Sergio Garcia de Alba	Vice Ministry
Ministry of Economy – SME Sub-Secretariat	Eduardo Delgadillo Alvarado	Export Development Director
Ministry of Economy – SME Sub-Secretariat	Luis de la Torre Cruz	
Ministry of Economy – SME Sub-Secretariat	Ivan Ornellas	
Ministry of Economy – International Trade Negotiations Sub-Secretariat	J. Manuel A. Luna Calder�n	General Director for Europe and FTAA
Ministry of Economy – International Trade Negotiations Sub-Secretariat	Roberto Reyes Barrera	Director for European Union
Ministry of Economy – International Trade Negotiations Sub-Secretariat	Genaro Alarcon Benito	Economic Counsellor
Ministry of Economy – International Trade Negotiations Sub-Secretariat	C�sar Remis	Economic Counsellor
Sciences and Technology National Council (CONACYT)	Guillermo Aguirre Esponda	Technology Deputy Director
Sciences and Technology National Council (CONACYT)	Rafael Pando Ceron	Technologic programs Director and operational link
Sciences and Technology National Council (CONACYT)	Jose Manuel Rivas Ochoa	

## Operators

Organisation	Name	Title
EUROCENTRO CANACINTRA	Xochilt Calderon	Director EUROCENTRO CANACINTRA
EUROCENTRO BANCOMEXT	Fernando Cruz del Bosque	Sub-director EUROCENTRO Bancomext
EUROCENTRO NAFIN	Angélica Espina Tozcano	Programme Strategic Manager EUROCENTRO Nafin
EUROCENTRO NAFIN	Adrian Ceron Cortes	Entrepreneurial strategic promotion EUROCENTRO Nafin
EUROCENTRO TEC Monterrey	Paz Diaz	Director EUROCENTRO Tecnológico de Monterrey
FUNDES (PIAPYME Operator)	Elfid Torres Gonzales	Gerente de Estudios y Competitividad
COMPITE (PIAPYME Operator)	Santiago Macias Herrera	Coordinador General
Coordinadora de Fomento Al Comercio Exterior del Estado de Guanajuato	Fernando Muñoz Dominguez	Secretario Particular de Presidencia y Dirección General

Assistance to 2 global meetings (AL-INVEST):

PYMEXPORTA Centers, COFOCE, CANACINTRA, CONCE, CANACO, ANIERM

## Enterprises

Organisation	Name	Title
OPLEX (PIAPYME beneficiary)	Adriana Vazquez Dominguez	Product Engineering Manager
MALINALOE (PIAPYME beneficiary)	Ramiro Pastrana Tamez	

## Other Stakeholders

Organisation	Name	Title
UNDP	Grisel Capuzano	Private Sector Advisor
UNDP	Ricardo Bisso	Private Sector Advisor
CAMEXA	Björn Lisker	Press&Information
CAMEXA	Giselher Foeth	Camexa Services
Spanish Embassy – Comm. & Eco Office	Mariano Muela Pareja	Economic and Comercial Advisor
Spanish Embassy – Comm. & Eco Office	Cesar del Valle	

## **Annex 2 - Documents consulted**

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### **1. Country Documents**

COMPITE (2003), Empresa media: Potencial Económico de México La evidencia de los censos económicos 1989, 1994, 1999.

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Crain Communications (2005), El Asesor de México - Periódico para PYMES, Febrero 28-Marzo 6.

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Secretaría de Economía (2005), Informe de evaluación correspondiente al 4° trimestre del ejercicio fiscal de 2004 - Fondos y programas de la Secretaria de Economía.

Secretaría de Economía (year unknown), Presentación General del Fondo PYME.

World Bank (2001), Mexico Country Assistance Evaluation.

World Bank (2004), Country Assistance Strategy of the World Bank Group in Partnership with the United Mexican States.

## **2. EC Project Documents**

### **PIAPYME**

Bancomext (2002), Guía para exportar productos Mexicanos a la Unión Europea.

CMUE (2004), Plan Operativo Global.

CMUE (2004), Presentación Bases de datos.

CMUE (2004), Presentación Capacitación operadores.

CMUE (2004), Presentación Globalización.

CMUE (2004), Presentación Normas técnicas.

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Delegación de la Comisión Europea en México, Financing Proposal – PIAPYME.

European Commission (2003), Anexo 2 al Convenio de Financiación Disposiciones Técnicas y Administrativas, PIAPYME.

García de Oteyza, L., Devolder W., Baqueiro Cardena, E. (2002), Informe Final, Misión de Factibilidad, Programa Integral de Apoyo a PYMES.

## **PROTLCUEM**

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## **IMPULSO**

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## **AL-INVEST**

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PE International (2001), Final Evaluation of the AL-INVEST programme.

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### **3. Other programmes (national / other donors)**

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FUNDES, Programa de Proveedores y distribuidores.

NAFIN, Programa de emprendedores CONACYT-NAFIN.

NAFIN, Programa de apoyo a emprendedores.

NAFIN, Invierte en México.

PNUD (2003), Instrumentos de Fomento y Financiamiento Federales y Estatales, Programa de Integración Productiva del PNUD.



## Annex 3 - Map of the country

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## **Annex 4 - List of programmes**

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<b>Project number</b>	<b>Project title</b>	<b>Planned (million €)</b>	<b>Contracted</b>	<b>Paid</b>
MED/AIDCO /2002/0492	Integrated Support Programme for Small and Medium Sized Enterprises	12.00	11.06	2.45
MED/AIDCO /2002/0493	Facilitation of the EU-Mexico Free Trade Agreement	8.00	0	0
(Identification stage)	IMPULSO	7.65	-	-



## Annex 5 - Programme sheets

### Programme No 1 Integrated Support Programme for Small and Medium Sized Enterprises

#### 1. Project identification data

Title	Integrated Support Programme for Small and Medium Sized Enterprises
Number	MED/AIDCO/2002/0492 – ALA/2004/006-068
Source of financing	B7/311
Financing decision	-
Financing agreement	20/07/2003
Start date	01/09/2004
Planned end-date	30/08/2008
Total Budget	24,000,000
EC Budget (committed)	12,000,000
EC Budget contracted as of 30/04/2005	11,068,900
Disbursements as of 30/04/2005	2,457,076
Beneficiary	Ministry of Economy – Vice-Ministry for Small and Medium Enterprises
Operator (if different from Beneficiary)	Project Management Body: EU-Mexico Business Development Centre

#### 2. Budget

Activities Budget	€	%
1. Activities for Individual Enterprises	8,300,000	44%
2. Activities for Sectorial Business Groups	6,280,000	33%
3. Activities for the Operators	3,380,000	18%
4. Activities for the support of Information Systems	927,000	5%
<b>Total</b>	<b>18,887,000</b>	<b>100%</b>

Budget Item	€	%
<b>1. Services</b>		
<b>1.1 European Technical Assistance</b>	<b>6,959,000</b>	29%
1.1.1 Long Term European T.A.	1,029,000	4%
1.1.2 Short Term European T.A.	5,930,000	25%
1.1.2.1 Training of Trainers T.A.	2,430,000	10%
1.1.2.2 Strategic Alliances T.A.	1,100,000	5%
1.1.2.3 "Post" Business Meeting T.A.	1,200,000	5%
1.1.2.4 Integration Projects T.A.	1,200,000	5%
<b>1.2 Local Technical Assistance</b>	<b>2,780,000</b>	12%
<b>1.3 Audit and Evaluation</b>	<b>300,000</b>	1%
<b>1.4 Training</b>	<b>5,875,000</b>	24%
1.4.1 Entrepreneurial Training	2,125,000	9%
1.4.2 Productive Processes Training	2,550,000	11%
1.4.3 Foreign Trade Training	1,200,000	5%
<b>1.5 Studies (entrepreneurial diagnosis)</b>	<b>1,075,000</b>	4%
<b>1.6 Certification Proceedings</b>	<b>1,350,000</b>	1%
<b>1.7 Information Systems</b>	<b>927,000</b>	0,14%
<b>1.8 Exchange of Experience</b>	<b>200,000</b>	0,34%
<b>2. Equipment</b>	<b>34,100</b>	10%
<b>3. Inform and visibility</b>	<b>82,000</b>	7%
<b>4. Operating Expenditure</b>	<b>2,467,900</b>	0,34%
<b>4.1 Local Staff</b>	<b>1,571,700</b>	10%
<b>4.2 Operating Expenditure</b>	<b>896,200</b>	7%
<b>5. Other</b>	<b>950,000</b>	4%
<b>6. Contingencies</b>	<b>1,000,000</b>	4%
<b>Total</b>	<b>24,000,000</b>	100%

Note: This includes the national counterpart (budget of EUR 12,000,000).

### 3. Global objective

To strengthen economic, trade and business relations between Mexico and the EU.

### 4. Specific objective

To increase the competitiveness and export capacity of Mexican SMEs.

## 5. Results Expected

- Increased competitiveness of Mexican and European SMEs via technical assistance and training.
- Improved productive, administrative and commercial efficiency of Mexican and European companies (SMEs) through technology transfer, know how, and development of technological innovation processes.
- Enhanced business co-operation to promote joint investments and strategic alliances between Mexican and European SMEs to speed up their process of modernisation and internationalisation.
- Improvement of the promotion and facilitation of trade between Mexico and the EU.
- Promotion of the integration of production chains through commercial co-operation.
- Strengthened markets by supporting easily accessible databases on foreign trade.

## 6. Activities

- Component I: Activities for Individual Enterprises:
  - activities related to business training;
  - activities related to productive processes;
  - activities related to the development of knowledge on foreign markets and exporting processes.
- Component II: Activities for Sectorial Business Groups:
  - activities related to the to the business integration processes;
  - activities related to technical support tied to productive processes and technology transfer;
  - activities related to the development of foreign markets penetration.
- Component III: Activities for the Operators:
  - activities related to the training of trainers;
  - activities related to the strengthening of the role and performance of participating operators, especially the EUROCENTROs (specialised T.A. for enterprises related to the preparation and follow-up of sectorial business meetings);
  - activities related to the creation of strategic alliances between Mexican and European companies.
- Component IV: Activities for the support of Information Systems:
  - support and enhancement of the existing information networks (Contacto PyME /Integración UE-México);
  - promotion of training on the adequate functioning of such information systems;
  - creation of the programme's database.

## 7. Results & Impacts

No results or impacts have been reached until now. As the following table shows few actions have been achieved.

**Status of the action by type of beneficiary**

<i>Actions</i>	<b>Beneficiary</b>	
	<i>Operators</i>	<i>Individual enterprises</i>
Executed	2	1
On going	1	2
Approved - no action	12	2
Cancelled	2	0
Reformulation	1	0
Not approved	4	0

*PLAPYME - Annual report - January 20<sup>th</sup> 2005.*

## 8. Problems encountered

Difficulties to match European Commission financial rules and Mexican regulation (fideicomiso, double signed account). Further during this period the European Commission financial rules changed.

A budgetary line has been foreseen to cover running costs but none of the parts neither the Mexican (fideicomiso) neither the communitarian allow to cover them.

Personal tensions between the actual national director and the Team Leader of the International Assistance, the DCE and the Ministry of Economy have strongly hampered the realisation of activities.

In December 2004, the SMEs Sub-secretary notified to the Director of the CMUE its future replacement. Since then no replacement has been decided and he still acting as CMUE Director but has reentered his previous tasks inside Bancomext.

The European Experts are not always available or of the best quality due to the lack of planification and the short programming.

Numerous sub-projects approved still awaiting for a complement of information. The approval was excessive in many cases as there was in fact no project, no plan. (See table here above category approved - no action).

## Programme No 2 Facilitation of the EU-Mexico Free Trade Agreement

### 1. Project identification data

Title	Facilitation of the EU-Mexico Free Trade Agreement
Number	MED/AIDCO/2002/0493
Source of financing	Budget Line: 19.09.02
Financing decision	11/08/2004
Financing agreement	01/11/2004
Start date	01/11/2004
Planned end-date	30/10/2008
Total Budget	16,000,000
EC Budget (committed)	8,000,000
EC Budget contracted	0
Disbursements	0
Beneficiary	Mexican Ministry of Economy – Vice-ministry of International Commercial Negotiations
Operator (if different from Beneficiary)	The project is not yet in the implementation phase

### 2. Budget

Budget Item	€	%
<b>1. Services</b>	<b>12,230,000</b>	<b>76%</b>
1.1 International T. A	4,250,000	27%
Long Term	2,200,000	14%
Short Term	2,050,000	13%
1.2 Local T.A.	1,570,000	10%
1.3 Audit, evaluat. and monitoring	260,000	2%
1.4 Studies and guides	2,765,000	17%
1.5 Training	2,012,000	13%
1.7 Seminars and events	1,373,000	9%
<b>2. Supplies</b>	<b>1,000,000</b>	<b>6%</b>
2.1 Equipment of the Managem. Body	200,000	1%
2.2 Equipment for beneficiaries	800,000	5%
<b>4. Inform./Visibility</b>	<b>352,000</b>	<b>2%</b>
<b>5. Operating Expendit.</b>	<b>1,618,000</b>	<b>10%</b>
5.1 Local Personnel	800,000	5%
5.2 Operating Expenditure	818,000	5%
<b>6. Contingencies</b>	<b>800,000</b>	<b>5%</b>
<b>Total</b>	<b>16,000,000</b>	<b>100%</b>

*Note: This includes the national counterpart (budget of EUR 8,000,000).*

### **3. Global objectives**

To strengthen economic, trade and business relations between Mexico and the EU.

### **4. Specific objectives**

To facilitate and promote trade and investment flows under the EU-Mexico Free Trade Agreement, via institutional strengthening of the governmental agencies in charge of the implementation of the trade agreement.

### **5. Results Expected**

- Component I: Customs:
  - improved exchange of information and promoted cooperation between the customs authorities of Mexico and the EU for the customs procedures;
  - improved efficiency of the relevant customs for the trade exchanges between Mexico and EU.
  
- Component II: Technical Norms:
  - improved knowledge and understanding of mutual norms, technical regulations and conformity evaluation procedures from all the interested parts: national authorities, accreditation and/or certification institutions, laboratories and companies;
  - greater cooperation promoted between Mexican and EU national authorities, accreditation and/or certification institutions and laboratories;
  - realisation of studies on possibilities to develop equivalencies criteria and/or mutual recognition of measures and procedures;
  - promoted use of norms, technical regulations and conformity evaluation procedures in relation to international levels and standards.
  
- Component III: Sanitarian and Phytosanitarian measures:
  - increased mutual knowledge and understanding of the respective Sanitarian and Phytosanitarian measures, their methodology and application, as well as the procedures of norms evaluation, the technical regulations and the conformity evaluation procedures;
  - greater cooperation promoted between Mexican and EU national authorities, accreditation and/or certification institutions and laboratories;
  - improved transparency and clarity of Sanitarian and Phytosanitarian measures facilitating the access of export and importers companies to the information on requirement and procedures of certification of the both parts;
  - realisation of studies on possibilities to develop equivalencies criteria and/or mutual recognition of measures and procedures;
  - promoted use of Sanitarian and Phytosanitarian measures and conformity evaluation procedures that reach the WTO and the basic standards and recommendations of the international organisations;
  - promoted training and capacity building of Sanitarian and Phytosanitarian authorities.

- Component IV: Investment:
  - investments between the parts supported;
  - improved exchange of information between concerned authorities;
  - information on opportunities, conditions, procedures to invest in Mexico at federal, estate and municipality levels;
  - more reliable and detailed statistic information on inversions between Mexico and EU available.
  
- Component V: Competition:
  - improved development of a health competition environment for the Mexican and the European companies;
  - improved knowledge on respective competition systems and fomented cooperation between Competition authorities on both sides;
  - fomented professional and technical capacity of the Federal Competition Commission staff;
  - awareness of the importance to promote a competitive environment and to play according to the legislations on both sides at the economic operators, professionals, opinion makers level.
  
- Component VI: Consumer Protection:
  - improved protection level on Mexican and European consumers;
  - improved knowledge on respective consumer protection systems and fomented cooperation between the authorities and the consumer protection authorities;
  - promoted the training and the professional capacity of the PROFECO staff.
  
- Component VII: Intellectual Property:
  - strengthened the protection level of the intellectual property rights of the European and the Mexican economic operators;
  - increased understanding of respective intellectual property systems and fomented cooperation between the intellectual property authorities;
  - improved access of the economic operators and the public to the information on intellectual property and improved awareness of the importance of its protection;
  - fomented technical and professional capacity of the Mexican Institute for Intellectual Property (IMPI) staff;
  - increased efficiency of the IMPI functioning through improved infrastructure and informatics autonomisation procedures.
  
- Cross-cutting theme: Information:
  - Complete and updated information is available on the FTAA for the institutions, Mexican and European companies and all the interested parts.

## 6. Activities

- Component I: Customs:
  - studies and sectorial analysis;
  - training of Mexican customs staff, including visits of EU homologous institutions;
  - identification of needs and contribution to the modernisation equipment of the customs;
  - TA to Mexican customs.
  
- Component II: Technical Norms:
  - studies and sectorial analysis;
  - seminars for authorities, industrial and commercial sectors, accreditation, normalisation and certification organism and laboratories of Mexico and the EU;
  - Technical Assistance (TA) to the General Direction of Norms from the Ministry of Economy and/or other Mexican normalisation and certification organism.
  
- Component III: Sanitarian and Phytosanitarian measures:
  - studies and sectorial analysis;
  - seminars for authorities and industrial and commercial sectors;
  - training for Mexican sanitarian and phytosanitarian authorities staff, including visits to European homologous organism;
  - contribution to the equipment and the modernisation of laboratories;
  - TA to the Mexican sanitarian and phytosanitarian authorities.
  
- Component IV: Investment:
  - elaboration and up-dating of a guide for investors; statistics studies on statistic investment between Mexico and the EU;
  - TA to the General Direction of Investment of the Ministry of Economy.
  
- Component V: Competition:
  - seminar for authorities and sector experts; awareness events for opinion makers (medias, politics, professionals);
  - training for the Federal Competition Commission Staff, including visits to European homologous institutions;
  - TA to the Federal Competition Commission.
  
- Component VI: Consumer Protection:
  - seminars and meetings with Mexican and European consumer organisations for the promotion of joint actions;
  - training for the Federal Procuracion of the Consumer (PROFECO), including visits to European homologous organisms;
  - TA to PROFECO.

- Component VII: Intellectual Property:
  - training of the IMPI staff, including visits to European homologous organisms,
  - awareness events for the economic operators,
  - AT to the IMPI,
  - contribution to a technologic information centre.
- Cross-cutting theme: Information:
  - setting up and updating of an Internet site on the FTAA UE-Mexico,
  - other awareness and visibility activities.

## 7. Results & Impacts

The programme has not yet started the implementations.

## 8. Problems encountered

The programme was signed in November 2004 but has not begun at present time.

The factors that have hampered the implementation are:

- Identification study was not satisfactory for the Ministry of Economy– the definition of the project continues internally.
- During the identification (internal and external) of the programme all the beneficiaries have been consulted but the negotiations with them in order to balance the components have been also hard and long.
- At this point of the programme there are difficulties to find the juridical format of the project. The coordination of European Commission financial rules and Mexican laws is difficult – fideicomiso against doubled signed account –. This difficulty is aggravated by the little experience of both sides – DEC and Mexican authorities – managing cooperation programmes.
- Regarding the Mexican financial counterpart, there is two threats for the project: 1) The funds are not yet available. They must be agreed by the Congress. 2) The approval is annual and therefore the availability of funds would be a permanent condition for the whole programme lifetime.

**Programme No 3**  
**Impulso (for the records according to the identification study)**

**1. Project identification data**

Title	Impulso
Number	n.a.
Source of financing	n.a.
Financing decision	n.a.
Financing agreement	n.a.
Start date	n.a.
Planned end-date	n.a.
Total Budget	EUR 15,200,000
EC Budget (committed)	EUR 7,650,000
EC Budget contracted	n.a.
Disbursements	n.a.
Beneficiary	CONACYT
Operator (if different from Beneficiary)	Unidad Coordinadora de Apoyo Técnico (UCAT)

**2. Budget**

Budget Item	€	%
Actuaciones Directas del Programa	11,258,000	74.1%
Gastos de Operación y Funcionamiento	2,692,000	17.7%
Gastos de Evaluación, Auditorias y Elaboración POA y POG	500,000	3.3%
Imprevistos	750,000	4.9%
<b>Total</b>	<b>15,200</b>	<b>100%</b>

*Note: This includes the national counterpart (budget of EUR 7.550.000).*

**3. Global objectives**

Incrementar la competitividad del país y por ende el bienestar de la población en general.

**4. Specific objectives**

Fortalecer la capacidad innovadora de México, así como generar negocios de alto valor agregado.

## 5. Results Expected

- Componente 1: Instrumentar el proceso de innovación tecnológica (Fomentar el mercado de CyT):
  - R1. Vinculación de la oferta y la demanda (estudios prefactibilidad);
  - R2. Acceso a las tecnologías ofertadas (foros);
  - R3. Promotores de tecnología (capacitación);
  - R4. Propiedad industrial (protección),
  - R5. Organizaciones Promotoras de Negocios de Alto Valor Agregado (OPNAVAS);
  - R6. Financiamiento diversificado (Gestión Capital Riesgo);
  - R7. Pirámide de Promotores de tecnología (OPNAVAS, Escuelas de Negocio);
  - R8. Producción limpia (estímulos).
  
- Recuperar y aprovechar experiencias de la UE. en la implantación de los procesos de innovación:
  - R9. Modelos de Innovación (Intercambios UE-México),
  - R10. Intercambio “know-how”,
  - R11. Certificación (Premio Nacional de Tecnología).
  
- Fortalecer la cooperación entre instituciones y empresas mexicanas, europeas y latinoamericanas:
  - R12. Programas de la UE (redes IRC, BIC);
  - R13. Políticas tecnológicas (Sistemas Nacionales de Innovación, Convenio Andrés Bello).

## 6. Activities

### R1.

- 1.1 Diagnosticar la oferta y la demanda en los 5 sectores para detectar proyectos de innovación y/o desarrollo tecnológico (No requiere apoyo económico de IMPULSO, se realiza por las OPNAVA's).
- 1.2 Detectar proyectos de innovación y/o desarrollo tecnológico en las empresas que se vinculan con las capacidades de los centros de investigación.
- 1.3 Diseñar, aplicar y consolidar un modelo para que los Centros de Investigación cuenten con estructuras que les permiten mejorar las negociaciones con las empresas y la creación de “spin off” (base jurídica clara y flexible).
- 1.4 Aplicar y consolidar modelos para facilitar la capacidad de los C.I. y de las empresas para cerrar negocios (modelos internacionales del valor de la propiedad intelectual, transferencia, licenciamiento).

### R2.

- 2.1 Acercar a los empresarios a las tecnologías y capacidades ofertadas por los C.I. mediante la organización de eventos tales como foros asociados a los programas de apoyo a la innovación del CONACYT.

**R3.**

- 3.1 Crear un sistema par identificar, enlazar y promover a Promotores.
- 3.2 Establecer y promover un Registro Nacional de Promotores de Tecnología por especialidad.
- 3.3 Desarrollar oficinas de vinculación y gestión para la creación de negocios tecnológicos novedosos de alto valor agregado.

**R4.**

- 4.1 Crear un sistema para estimular, identificar y promover la protección industrial de desarrollos tecnológicos originados en Instituciones de Educación Superior / Centros de Investigación públicos y privados.

**R5.**

- 5.1 Desarrollar una metodología de análisis e identificación de oportunidades de negocios desagregadas que requieran el desarrollo de soluciones tecnológicas y aplicar la metodología en los 5 sectores prioritarios.
- 5.2 Generar un sistema para capacitar y apoyar a las Organizaciones Promotoras de Negocios de Alto Valor Agregado para replicar este tipo de organismos.
- 5.3 Fortalecer los programas de las Escuelas de Negocio enfocados a la gestión tecnológica para que ofrezcan servicios de apoyo a las Organizaciones Promotoras de Negocios de Alto Valor Agregado.

**R6.**

- 6.1 Definir y aplicar estrategias de promoción para la creación de fondos de capital de riesgo, ángeles financieros, fondos de garantía y otros mecanismos de financiamiento con participación público / privada.
- 6.2 Apoyar a las administradoras de Capital de Riesgo con un fondo para cofinanciar los gastos en los que incurren (mecanismos de selección de proyectos, gestiones legales).

**R7.**

- 7.1 Implementar un programa de formación de promotores júnior y operativos en 5 áreas para que se incorporen a empresas productivas.

**R8.**

- 8.1 Coordinar con PROFEPA /SEMARNAT un modelo de diseño de procesos de producción limpia.
- 8.2 Diseñar y proponer e implantar una política de estímulos o incentivos por la creación y uso de tecnologías enfocadas a la producción limpia.
- 8.3 Difundir casos de éxito que contribuyan a una cultura de protección del medio ambiente.

**R9.**

- 9.1 Identificar y recopilar modelos de innovación tecnológica europea e incorporación de la información en una página bilateral de IMPULSO en el Portal de CONACYT (bilingüe).

- 9.2 Promover la participación de miembros de la red IRC en apoyo para identificar opciones de cooperación tecnológica industrial y comercial. Participar en la convocatoria de la red IRC en 2005.
- 9.3 Implementar encuentros temáticos (matchmaking) de Negociación presenciales y/o virtuales con los demandantes y oferentes para establecer convenios de cooperación en proyectos de desarrollo tecnológico entre México y la UE.
- 9.4 Desarrollar herramientas que faciliten a los CI y empresas la cooperación bilateral. En especial oportunidades o requerimientos de “cross licensing”, patentes y la generación de alianzas estratégicas.
- 9.5 Diseñar y promover nuevos mecanismos de financiamiento acorde a las áreas de oportunidades. Benchmarking de las experiencias y modelos exitosos de la UE y adaptarlas a las demandas mexicanas (Ej.: experiencia Finlandesa). Seminarios de difusión.
- 9.6 Asesorar y diseñar un modelo adaptado de capital de riesgo de Organizaciones Promotoras de Negocios de Alto Valor Agregado. Sinergia con el PIAPYME (NAFIN: sistema de información sobre instituciones financieras y de capital riesgo europeas).
- 9.7 Promover e adaptar modelos de vinculación y gestión para la creación de negocios de base tecnológica, usando las experiencias exitosas europeas, mediante Benchmarking.

**R10.**

- 10.1 Establecer enlaces con las redes EBN (BIC) e IRC detectando posibles contrapartes mexicanas.
- 10.2 Formar un grupo de Promotores de alta especialidad en la relación bilateral México-UE (Temas: Convenios, precios, porcentajes, legislaciones, patentes, prácticas establecidas, etc.).
- 10.3 Sistematizar, evaluar y retroalimentar las experiencias (éxitos, dificultades y resistencias encontradas).

**R11.**

- 11.1 Comparar, evaluar y complementar el contenido del Premio Nacional de Tecnología PNT (Innovación) con las prácticas europeas.
- 11.2 Identificar e integrar los estándares y/o procedimientos que lleva a cabo la empresa para que sean instrumentadas en empresas y C.I.

**R12.**

- 12.1 Identificar y difundir los programas de apoyo al desarrollo tecnológico existentes de la UE (seleccionando aquellas tecnologías y/o proyectos que sean estratégicos, complementarios y/o de interés mutuo) y elaborar un manual de los Instrumentos y Mecanismos.
- 12.2 Capacitar a los promotores tecnológicos (latinoamericanos) en mejores prácticas para gestionar los proyectos con los programas de la UE y difundir las experiencias Mexicanas.
- 12.3 Promover en las empresas mexicanas los programas que ofrece la UE. mediante impresos, talleres, reuniones, exposiciones.

- 12.4 Realizar un Benchmarking de programas europeos de incorporación de personal científico a empresas.
- 12.5 Asimilar experiencias de la UE explorando las oportunidades de actuar en arquitectura de red con las que fuera pertinente (BIC y IRC).

**R13.**

- 13.1 Realizar un Benchmarking de los sistemas nacionales de innovación en los países Latinoamericanos y los europeos.
- 13.2 Identificar, compilar y ubicar las mejores prácticas, para integración, operación y expansión de sistemas nacionales de innovación.
- 13.3 Divulgar en los países de la región LA las mejores prácticas desarrolladas en materia de Innovación a nivel regional en el marco del Convenio Andrés Bello. Participación de expertos europeos en las reuniones del proyecto de los sistemas nacionales de innovación.
- 13.4 Organizar y participar en conferencias para promover el intercambio de experiencias y el conocimiento de las políticas públicas más efectivas para promover la innovación.

## Annex 6 - Evaluation Questions Grid

### 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"> <li>i. Are there potential complementarities and synergies between expected results and have they been identified?</li> <li>ii. Are there possible contradictions between fields and have they been identified?</li> <li>iii Should there be a prioritisation?</li> </ul>
<p>2B.1 Conditions to reach the expected results exist</p>
<p><i>2B.1.3 Country missions provide examples from such conditions</i></p>
<p>It is not possible to say that conditions to reach expected results have been <b>identified</b> at the level of the strategy or the programmes. However, it should be noted that EC support to PSD in Mexico evolves in a context characterized by two main features: The Free Trade Agreement between the EU and Mexico (in effect since 2000) and the reform programme of the government and the now stable macroeconomic situation. The support strategy is well in line with these features and takes them explicitly into account. Moreover, the support to the Free Trade Agreement is at the core of the EC support to Mexico in the focal sector of economic growth. For these reasons, it can be said that the Free Trade Agreement and the economic reform programme of the government are implicit conditions to reach the objectives of the EC support to PSD in Mexico.</p>
<p>2D.1 There are potential complementarities and synergies between expected results</p>
<p><i>2D.1.3 Country missions provide examples of such complementarities</i></p>
<p>The two bilateral programmes (PROTLCUEM and PIAPYME) aim to contribute achieving the objectives of the EC support in the sector of economic growth. However, no synergies are highlighted in country or programme documents.</p> <p>At programme level, the PIAPYME shows that complementarity between different expected results is possible. PIAPYME is a programme specifically designed to support SMEs but it includes a component where Intermediate Organizations will participate as operators of the programme and where capacity building for these organisations will be possible. Note, however, that the aim is not to reinforce IOs by themselves but rather to use them as operators of the programme. Additionally, the complementarity with AL-Invest, an “all-country” programme, is underlined in programme documents as well as in the different presentations of the programme to potential beneficiaries.</p>

Through interviews, the potential complementarity between PROTLCUEM and PIAPYME has been stressed to the evaluation team. Firms having received support to improve their capacity to access European markets will benefit of a more conducive institutional setting (certification, customs, etc.) However, the fact that the programme at micro level has started before the programme at macro/institutional level, implies that –if any- only firms benefiting of the last period of PIAPYME may benefit of the improved institutional setting.

2D.2 Prioritisation of areas of intervention (expected results) leads to a better realisation of the purpose

*2D.2.3 Country missions provide examples of such issue*

The strategy does not entail any prioritisation between the different areas of intervention. Therefore, it would not be possible to find evidence in this regard. However, in 2D.1.3 is mentioned that the potential complementarities and synergies between PROTLCUEM and PIAPYME is jeopardized by the fact that PROTLCUEM will start at least one year after PIAPYME.

### EQ 3 – Relevance of PSD strategy in a given country

<p><b>For a given country,</b></p> <p><b>A. Does the selection of the areas of intervention correspond to the CEC PSD strategy?</b></p> <p><b>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?</b></p>																	
<p>3A.1 The areas of intervention (expect results) in Mexico correspond to the areas proposed in the CEC PSD strategy</p>																	
<p><i>3A.1.1 Correspondence between the areas of intervention (expect results) in Mexico and the CEC PSD strategy</i></p>																	
<p>The evaluation team has found three bilateral projects and one “all-country” programme that can be considered as being part of EC support to private sector development. In spite of the fact that the programmes and the support strategy were identified before the PSD strategy was published, the three programmes broadly correspond to areas of intervention identified by the COM(2003)267 and the Guidelines on Community support to PSD in third countries:</p>																	
<table border="1"> <thead> <tr> <th>PSD Programme</th> <th>Expected Result (as per Intervention Logic)</th> <th>Level of Intervention</th> </tr> </thead> <tbody> <tr> <td>PIAPYME</td> <td> <ul style="list-style-type: none"> <li>▪ Capacity of intermediary organizations is enhanced</li> <li>▪ More effective non-financial services</li> </ul> </td> <td>Meso and micro</td> </tr> <tr> <td>PROTLCUEM</td> <td> <ul style="list-style-type: none"> <li>▪ Macro-economic, legal and regulatory framework more conducive to PSD</li> </ul> </td> <td>Macro</td> </tr> <tr> <td>IMPULSE</td> <td> <ul style="list-style-type: none"> <li>▪ More effective non-financial services</li> </ul> </td> <td>Micro</td> </tr> <tr> <td>AL-Invest</td> <td> <ul style="list-style-type: none"> <li>▪ More Investment and b-to-b cooperation</li> </ul> </td> <td>Meso and micro</td> </tr> </tbody> </table>	PSD Programme	Expected Result (as per Intervention Logic)	Level of Intervention	PIAPYME	<ul style="list-style-type: none"> <li>▪ Capacity of intermediary organizations is enhanced</li> <li>▪ More effective non-financial services</li> </ul>	Meso and micro	PROTLCUEM	<ul style="list-style-type: none"> <li>▪ Macro-economic, legal and regulatory framework more conducive to PSD</li> </ul>	Macro	IMPULSE	<ul style="list-style-type: none"> <li>▪ More effective non-financial services</li> </ul>	Micro	AL-Invest	<ul style="list-style-type: none"> <li>▪ More Investment and b-to-b cooperation</li> </ul>	Meso and micro		
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<p>However, as shown in Question 4, the specific objectives of these programmes do not always correspond to the PSD strategy elaborated by the Commission.</p>																	
<p>3B.1 The selected areas of intervention (expect results) correspond to clearly identified needs of Mexico in terms of PSD</p>																	
<p><i>3B.1.1 Correspondence between selected areas of intervention (expect results) and clearly identified priority needs of countries Mexico in terms of PSD</i></p>																	
<p>Given its relatively high level of development, Mexico has a significant number of private and public research institutes in the field of economics and in particular regarding private sector development. Broadly, there is a consensus among these institutions and the government on the main constraints faced by the SME sector and how to tackle them. For instance, the government has developed a SME policy and there is no significant disagreement regarding this policy. The areas of intervention chosen by the EC support strategy do correspond to these policy and thus to priority needs as identified by Mexican stakeholders.</p>																	
<p><i>3B.1.2 Correspondence between PSD strategy in the country and national priorities or policies</i></p>																	
<p>Mexico’s economy is highly dependent to the USA economy (80% of Mexico’s exports go to the American market), which makes it fragile to the economic cycle of its neighbour. In order to reduce this dependency, the government of Mexico seeks to reinforce its economic links with other regions, including the European Union. Evidence of this is the number of trade agreements that Mexico has signed with different countries</p>																	

and regions. EC support to Mexico corresponds to this policy and aims to promote the Free Trade Agreement between Mexico and the EU in effect since 2000. As stated in the CSP, the global objective of the EC support to Mexico in the field of economic growth aims to: (i) facilitate the implementation of the Free Trade Area and (ii) foster trade and investment.

Further, the two areas proposed to achieve these objectives also correspond to national priorities. The first area is “Support to the Implementation of the FTA” through capacity building and technical assistance in the fields of customs, certification and technical standards, SPS measures, etc. This area is materialised in the programme PROTLCEUM. The second area, “Support to SMEs”, is materialised in the PIAPYME programme and seeks to increase Mexican SMEs’ awareness of export opportunities into the EU. It is important to notice that the CSP indicates that “the difficulties faced by their SMEs in accessing the EU market are a long-standing cause of Mexican complaints, and co-operation aimed at reducing these difficulties would make trade relations less strained.” Both programmes correspond to the government policy of diversifying trade relations with other regions and accessing new markets. The second one, “Support to SMEs”, also corresponds to the government policy on SME. It should be noted that under the new administration, a vice-ministry of SMEs - within the ministry of Economy - was created to further encourage and support SME development in Mexico notably through the “Fondo PYME” (SME fund). Details of the SME policy of the government in Section 3

## EQ 4.1 - Effectiveness - Business environment

<b>To what extent did EC interventions make the institutional, macro-economic and legal and regulatory framework more conducive to PSD?</b>	
41.1	EC support to the institutional setting has contributed to the development of the business sector
41.1.1	<i>The objective of the programme corresponds to the expected result proposed by the CEC PSD strategy</i>
<p>The programme Facilitation of the Free Trade Agreement EU-Mexico, commonly known by its Spanish abbreviation as <b>PROTLCUEM</b>, was designed in the context of the Mexico-EU Free Trade Agreement (FTA). The FTA, in effect since July 1<sup>st</sup> 2000 for goods and March 2001 for services, established the juridical basis for a better access to both markets. However, effects on bilateral trade relations have been less important than expected as some obstacles continue to hamper them, to increase the cost of the transactions and continue to be a disincentive to future decisions in commerce or investment.</p> <p>PROTLCUEM aims to address this obstacles by contributing to the institutional capacity building in 8 areas (8 components): Customs; Technical Norms; SFS Norms; Investment; Competition; Consumer Protection; Intellectual Property; and Information.</p> <p>The direct beneficiaries of this programme are the following institutions: the General Directorate (GD) for Customs (Ministry of Finance); the GD for Norms and the GD for Investment (Ministry of Economy); the Ministry of Agriculture; the Mexican Institute of Intellectual Property (IMPI); the Federal Competition Commission (CFC) and the Consumer Protection Agency (PROFECO). Contributing to the institutional setting will profit to Mexican companies exporting to Europe and European companies exporting to Mexico, as final beneficiaries.</p>	
41.1.2	<i>Evidence that the improved institutional capacity due to EC support has produced a framework that is more conducive to PSD</i>
<p>This programme was signed in November 2004 but has not yet begun. No improvement of the institutional framework has been produced yet. It will potentially facilitate the commercial relations between EU and Mexico by increasing the knowledge of EU system in Mexico. In particular expected results of norms and certification components will facilitate and stimulate Mexican exports to Europe and expected results of customs component will benefit European export to Mexico.</p>	
41.1.3	<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>The programme was signed in November 2004 but has not begun at present time. Implementation problems have hampered the production of expected results. (See efficiency 6.D.1.1)</p>	
41.2	EC support to macroeconomic stabilization has contributed to the development of the business sector
41.2.1	<i>The objective of the programme corresponds to the expected result proposed by the CEC PSD strategy</i>
41.2.2	<i>Evidence that the improved macroeconomic situation due to EC support has produced a framework that is more conducive to PSD</i>
41.2.3	<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>
No EC intervention in Mexico aims to support macroeconomic stabilisation.	

41.3	EC support has achieved the removal of legal and regulatory barriers to the development of the business sector
41.3.1	<i>The objective of the programme corresponds to the expected result proposed by the CEC PSD strategy</i>
41.3.2	<i>Evidence that the removal of legal and regulatory barriers due to EC support has produced a framework that is more conducive to PSD</i>
41.3.3	<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>
No EC intervention in Mexico aims to remove legal and regulatory barriers for the development of the business sector.	

### EQ 4.3 – Effectiveness - Intermediate organisations (IO)

<p><b>A. To what extent did EC interventions help IO to increase their capacity to conduct a policy dialogue with the government;</b></p> <p><b>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?</b></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><i>43A.1.2 Result indicators originally foreseen in project documents and evidence that these indicators were followed up</i></p>
<p><i>43A.1.3 Other result indicators, such as</i></p> <ul style="list-style-type: none"> <li>▪ <i>Evidence of involvement of IO (particularly if supported by the EC) in policy orientation meetings</i></li> <li>▪ <i>Example of policies that directly respond to the demands of the IO (particularly if those were supported by the EC)</i></li> <li>▪ <i>IO supported cover a significant part of local enterprises</i></li> </ul> <p>Note: Present the value of these indicators in the Project Fiche and a conclusion here.</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>No EC programme in Mexico targets IO in order to increase their capacity to conduct a policy dialogue with the government.</p>
<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>No EC PSD intervention in Mexico aims at supporting directly IOs as suppliers of services to their members. However, in two programs, <b>PIAPYME</b> and <b>AL-INVEST</b>, some IOs participate as operators. This can be considered an indirect way to improve their capacity to supply services and further these programmes also offer direct capacity building to its operators.</p> <p>The implementation of the <b>PIAPYME</b> is based on operators; IOs can subscribe as such among other type of organisations. For the moment there are 113 registered as PIAPYME operators, among which 3 Chambers of commerce and 7 Entrepreneurial Associations. Given their characteristics, the Identification Study foresaw IOs to be important operators in sectorial activities (Component II).</p> <p>Operators are the initiators of the activities, which can be: support to individual enterprises<sup>7</sup> (Component I), support to a sector (Component II) or capacity building for operators (Component III). To participate to the programme they must register in the Operators Database. Their role is to prepare an application dossier and once the CEAP (Committee for evaluation and approval of project) approves the action they are in charge of the follow up.</p> <p>Operators will also be direct beneficiaries from the programme as component III “Activities for the Operators” plans to support operators following individual demands. Under this last component PIAPYME will finance activities related to the following areas: training of trainers, strengthening of the role and the performance of participating operators, creation of strategic alliances between Mexican and European companies.</p>

<sup>7</sup> Individual enterprises can also apply directly for individual support.

In **AL-INVEST**, sub-projects are proposed and operated by COPECOS in Europe, and EUROCENTROS in Latin America. There are 4 EUROCENTROS in Mexico hosted by the following institutions: CANACINTRA, Bancomext, Nafin and TEC Monterrey. EUROCENTRO CANACINTRA is the only one hosted by an IO. Links with CANACINTRA are not evident as the EUROCENTRO functions as an independent body providing services not only to CANACINTRA members but also to all the enterprises that fit in AL-INVEST events in which this EUROCENTRO is involved. In fact the EUROCENTROS are the executing body of the programme. It can be said that in all case they share the programme's objectives more directly than the ones from their organisation.

For its third phase AL-INVEST has adopted new activities among which some aim to support the EUROCENTROS. "Capacity Building for Operators" aims to promote "best practices" derived from the experience of AL-INVEST. "Institutional Exchange Programme" will allow AL-INVEST operators to exchange employees in order to increase the mutual knowledge and strengthening the network. "Institutional Twining" will support joint cooperation projects and transfer of know-how between European and Latin American operators. This support aims at increasing the efficiency of the network it will allows "to count on better prepare operators and in a more integrated network" but do not aim directly at supporting hosting organisations.

*43B.1.2 Result indicators originally foreseen in project documents and evidence that these indicators were followed up*

**PIAPYME** has not yet established a monitoring system. The indicators foresaw in the logical framework do not cover results related to IO's reinforcement.

As the reinforcement of the IO is not the aim of **AL-INVEST** no result indicators are foreseen and followed up in this sense. AL-INVEST III will use the same indicators system than in the previous phase. No information has been received concerning indicators that will cover new activities.

*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*

#### **PIAPYME**

As the program has just begun it has not yet achieved results. From the 22 projects submitted by operators only 1 corresponds to an IO, namely CANACINTRA. The project "Strengthening Entrepreneurial Development Centres" aims to increase the management capacity of Entrepreneurial Development Centres and build up strategic alliances with European counterparts. It has been approved and implemented but during the mission results and impacts of this specific activity could not be collected.

#### **AL-INVEST**

CANACINTRA through its EUROCENTRO has increased the number, the type and the quality of services provided. The EUROCENTROS have won important methodological knowledge implementing AL-INVEST activities: i) sectorial meetings, ii) active research of partners (ARIEL), and iii) industrial meetings for regional development (AL-Partenariat). As a result, on request, the EUROCENTRO CANACINTRA provides services (i.e.: preparation of agendas for commercial tours or fair trade, research of partners...) outside AL-INVEST funding.

The services they provide, inside or outside AL-INVEST, are not only offered to CANACINTRA members. There is no link between this services and the membership. For this reason the evolution of the membership cannot be consider as a relevant indicator.

*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*

**PIAPYME**

As the programme has just begun is difficult at this stage to identified factors that enhanced or hampered the production of expected results or the achievement of objectives.

**AL-INVEST**

The participation of IOs to AL-INVEST and the indirect benefits they can take out in terms of transferable methodology have been limited in Mexico by the choice of the organisations hosting the EUROCENTROS (Bancomext, Nafin, TEC Monterrey and CANACINTRA). On the one hand, it is important to highlight that among the four EUROCENTROS in Mexico only one is hosted by an IO when in other countries EUROCENTROS are mainly IO based. The base rules of AL-INVEST indicated that EUROCENTROS should be hosted by: Chambers of Commerce and Industry, Employers Federations, Professional Associations and Consulting companies. On the other hand, a situation of unequal competition can be underlined between EUROCENTROS. Bancomext and Nafin, both public development banks, as hosting institutions provide additional resources to their EUROCENTROS increasing their capacities in comparison with EUROCENTRO CANACINTRA.

Regarding EUROCENTRO CANACINTRA particular case, there is no share of experience between the EUROCENTRO and the rest of CANACINTRA. CANACINTRA representatives in other states are supposed to insure the national coverage of the EUROCENTRO. But CANACINTRA State representatives feel that support form the head office is almost inexistent and some consider applying to AL-INVEST III in order to create their own EUROCENTRO.

## EQ 4.4 – Effectiveness - Investment promotion and b-to-b cooperation

<b>To what extent did EC interventions increase trade, investment and general b-to-b cooperation?</b>
44.1 EC interventions increased trade, investment or general b-to-b cooperation
44.1.1 <i>The objective of the programme corresponds to the expected result proposed by the CEC PSD strategy</i>
<p>EC PSD interventions in Mexico aim above all to improve trade relations between EU and Mexico. In fact FTA EU-Mexico guides and structures the Economic Cooperation (Focal sector of the Country Strategy Paper). Investment and general b-to-b cooperation are also supported in these programmes through specific components.</p> <p><b>PROTLCUEM's</b> Specific Purpose specifically mentioned the promotion of commercial and investment transactions under the FTA EU-Mexico. All the components pursued generally this objective. More particularly, component 4 of the PROTLCUEM aims to stimulate European investment in Mexico. The resources planned are modest (3%). The activities will be: updating of an investors guide, studies on investment statistics, Technical Assistance to the Investment General Directorate.</p> <p><b>PIAPYME's</b> Specific Purpose is to increase the competitiveness and the export capacities of SME. During the first months of implementation, the project has focus in developing SMEs capacities to export to the EU. Regarding investment and b-to-b cooperation, the expected result 3 of the PIAPYME is “enhanced business co-operation to promote joint investment and strategic alliances between Mexican and European SMEs to speed up their process of modernisation and internationalisation”.</p> <p><b>AL-INVEST</b> was launched in 1994 with the aim to strength economic cooperation between European and Latin American companies and encouraging investment and commerce. AL-INVEST activities were up to now mainly Business Meetings pursuing in the majority of the cases commercial transactions but also activities to stimulate investment and b-to-b cooperation (using ARIEL methodology).</p> <p>AL-INVEST, for its third phase, has reviewed its activities in base to its previous experience. Among the 8 facilities proposed, the following ones are in close relation with the above mentioned expected result:</p> <ul style="list-style-type: none"> <li>▪ Latin American/European Weeks (€ 2 million), the objective of this facility is to increase the information that companies receive when assisting to a trade fair through the combination of “Entrepreneurial Services” (selection of stands to be visited, technical visits, inclusion in the event catalogue) and “Pedagogical Services” (provision of market information, technology reports, trade rules and conditions).</li> <li>▪ Business Meetings (€ 30 million), this activity aims to offer an appropriate framework for business creation through the organisation in advance of one to one business meetings between EU and LA companies mainly within the frame of an international trade fair.</li> <li>▪ Business Development Facility (€ 4 million), this activity brings personalised assistance to develop internationalisation business plan by search of potential overseas partners.</li> <li>▪ SME Partnership (€ 1.2 million), this facility aims to support companies that are already developing a joint business plan or project. The assistance provided will be defined according to the needs of each project.</li> </ul>
44.1.2 <i>Result indicators originally foreseen in project documents and evidence that these indicators were followed up</i>
<p><b>PROTLCUEM</b></p> <p>The indicators foreseen in the logical framework for the specific purpose is: “the effect of obstacles to bilateral trade and investment is significantly reduced”. Indicators for component 4 are: “improved access to information on conditions and opportunities to invest in Mexico”, “improved conditions to invest, in</p>

particular for PYMES”. The implementation has not begun yet (See efficiency 6D.1) and therefore an internal monitoring system has not yet been established.

#### **PIAPYME**

The indicators foreseen in the framework for the specific purpose are: “Increase of the productivity and the added value to SMEs products” and “Entrepreneurial development and exports increase imputable to the support of the programme”. Indicators for the expected results are: “During the four years of the programme 400 enterprises had participate to search process of joint investment and strategic alliances. 200 operations have been closed. 20 sectorial groups have been supported. The internal monitoring has not been established yet”.

The programme is at the beginning of its implementation. No activities related to component 3 have been undertaken at this point. In fact, the first activities executed by the programme focalised more on vulgarisation of the PIAPYME and also on training and production reorientation.

#### **AL-INVEST**

The internal monitoring system aims at record the number of enterprises concerned by the events, the number of enterprises travelling and the value of commercial and investment transactions. For AL-INVEST I and II 5,798 Mexican companies have been concerned by the organized events, among them 1,603 have travelled to Europe. 185 transactions were concluded, for an estimate amount of € 55.5 million; 27 were joint ventures.

#### *44.1.3 Other result indicators, such as*

- *Number of signed agreements (following an EC funded action) (increase)*
- *Evidence of investment from European firms in local business following agreements signed*
- *Evidence of increased exports from firms having participated to an EC-supported activity*
- *Enterprises having participated to the activities cover a significant part of the target population of beneficiaries*
- *Evidence of other forms of benefits following agreements signed*

Note: Present the value of these indicators in the Project Fiche and a conclusion here

NA

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

#### **PROTLCUEM**

The programme has not yet started, therefore is not possible to make considerations on this matter.

#### **PIAPYME**

The programme just started, is too early to make considerations on this matter.

#### **AL-INVEST**

AL-INVEST is a well functioning machine. During AL-INVEST I and II the operators network has proved to be very active and Mexican performance was one of the best. The design of a specific methodology and the establishment of a specific network of service providers (EUROCENTROS-COOPECOS) have enhanced the realisation of events and improved the effectiveness. But at the end, the number of transactions is still moderate.

Services are also offered outside the AL-INVEST funding. According to interviews, it is common to use the network and the methodologies on special request. But the demand is still reduced and still very much related to the availabilities of AL-INVEST funds. According to the EUROCENTROS there is little spontaneous demand for this kind of services, Mexican exporting companies are still in their majority oriented to USA market.

Another negative point is that operators do not give enough importance to investment and b-to-b relations and focus their efforts on activities that will enhance trade relations. This is the result of the demand as in general the objective of the beneficiary companies is to sale, but also the result of the system of remuneration that makes organisation of business meetings more attractive to EUROCENTROS.

In fact for business meetings organisation, EUROCENTROS are paid for each company they manage to bring to the meeting. Regarding ARIEL activities the process is very long (phase 1: selection of 25 enterprises, phase 2: subvention application, phase 3: selection of the counterparts and signing of the agreements) and the likelihood to be remunerated is weaker as the final subsidy will be fixed according to the number of agreements signed.

## EQ 4.5 – Effectiveness – BDS

<p><b>To what extent did EC interventions aiming to provide non-financial services create a competitive business development services markets?</b></p>	
45.1	EU interventions aiming to provide non-financial services create a competitive business development services markets
45.1.1	<i>The objective of the programme corresponds to the expected result proposed by the CEC PSD strategy</i>
	<p>Two programmes provide non-financial services to enterprises, AL-INVEST and in a greater measure PIAPYME, but in neither of these cases, the aim is creating a competitive BDS markets.</p> <p><b>PIAPYME</b> programme intervenes on BDS markets at transaction level providing subsidized services to companies. It will influence the BDS market in three ways: using local service providers as intermediates, increasing operators’ capacity and bringing external expertise.</p> <p>PIAPYME is implemented by operators. The registration of the operators is very open and it concerns public and private service providers aiming to develop the competitiveness and the productivity of Mexican SME.</p> <p>In individual and sectorial business support (components I and II), the role of the operators is to elaborate and present projects to the approval of the CEAP (Committee for Evaluation and Approval of Projects). Support to operators is also planned. The component III “Activities for the Operators” will support activities that will enhance their capacity to multiply the impact of the programme, on the one side, and, on the other side, they will be the pivot for the technology transfer, know-how and technologic innovation from Europe to Mexico through training of trainers.</p> <p><b>AL-INVEST III</b> proposes, as an innovation respect to the previous phases, a Capacity Building for SMEs facility where seminars, workshops or other training activities on internationalisation strategies will be offered to SMEs. It will include a “Theory Module” and a “Practical Application Module”. The activity will be planned through its EUROCENTROS network. The development of a competitive BDS market is not among its objectives.</p>
45.1.2	<i>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>The design of the <b>PIAPYME</b> (2002) does not correspond to the best practices proposed in the Blue Book (2001). The programme intervenes in BDS markets at transaction level providing subsidized services to companies. It is not possible to speak about a proper cost sharing system. The programme subsidizes 100% the BDS and the client shall pay 30% (it varies depending on the type of services) to the operator for its intermediation work. Technical Assistance will be in majority provided by European Consultants. For this reason outreach, sustainability and distortion are still to be address adequately.</p> <p><b>AL-INVEST III</b> was build-up on past experiences, AL-INVEST I and II as well as ATLAS. The identification did not take into account orientations of external references, like the Blue Book, for the design of new components.</p>
45.1.3	<i>Result indicators originally foreseen in project documents and evidence that these indicators were followed up</i>
	<p><b>PIAPYME.</b> A monitoring system that would allow monitoring programme achievements is not yet implemented as the programme is just starting (see 6D.1). The indicators foresaw in the logical framework are based on the number of enterprises that received BDS support and that perform certain changes like: 850 enterprises received general training, 850 enterprises improved their production process, and 150 received technical assistance to obtain certification. As PIAPYME does not aim to develop a competitive BDS market there are no indicators that will allow to measure effects of the programme on this concern.</p>

<p><b>AL-INVEST III</b> will use the same indicators system than in the previous phases. No information has been received concerning indicators for new activities.</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>PIAPYME internal monitoring system do not correspond to the one proposed by the Blue Book on BDS programmes.</p>
<p>45.1.5 <i>Other result indicators, such as:</i></p> <ul style="list-style-type: none"> <li>▪ <i>number of SME acquiring BDS in general (to measure BDS market expansion);</i></li> <li>▪ <i>number of SME acquiring BDS from the programme (to measure BDS market expansion);</i></li> <li>▪ <i>evolution of the number of local consulting firms in the market (to measure BDS supply);</i></li> <li>▪ <i>% of potential SME acquiring BDS (to measure market penetration);</i></li> <li>▪ <i>number and % of SE customers purchasing BDS who represent targeted populations (to measure outreach);</i></li> <li>▪ <i>percent of customers reporting high satisfaction with a business development service (to measure impact);</i></li> <li>▪ <i>repeat customers: % of all customers who purchase at least twice (to measure impact);</i></li> <li>▪ <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></li> <li>▪ <i>change in estimated gross profit, profit level, employment, exports from before and after receiving the service (to measure impact);</i></li> <li>▪ <i>of the businesses that improved their estimated gross profits, what percent attribute the change to the BDS? (to measure impact);</i></li> <li>▪ <i>BDS supplier profitability and profitability of particular BDS Service (to measure sustainability);</i></li> <li>▪ <i>simplified cost-benefit assessment comparing total, cumulative program costs to aggregate program benefits (to measure sustainability);</i></li> <li>▪ <i>total program cost per customer served and total program cost per supplier assisted (to measure sustainability).</i></li> </ul>
<p>No such results indicators were used.</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>Efficiency problems are hampering the realisation of activities and therefore the production of expected results of the PIAPYME programme. (See efficiency 6D.1)</p>
<p>45.1.7 <i>Unsubsidized local BDS is not crowd-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</i></p>
<p>On the one hand, given the limited outreach of the PIAPYME, it is not possible to speak of market distortion. On the other hand, there is very little enhancement of the local BDS expertise as PIAPYME counts extensively on European experts to provide the services and does not really take into account the availability of local expertise and its potentialities.</p>

## EQ 5 - Sustainability

<b>To what extent are the effects (expected results) of the interventions likely to continue at the end of the EC support?</b>	
5.1	The effects of CEC PSD strategy in Mexico 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>
No risks and assumptions have been properly identified with regards to the PSD support strategy in Mexico. However, as mentioned in 2B.1.3, EC support to PSD in Mexico evolves in a context characterized by the Free Trade Agreement EU-Mexico and the reform programme of the government. The two main implicit assumptions could then have be defined as (i) that Mexico continues to give priority to the Free Trade Agreement with the EU and (ii) that the government continues to implement its macroeconomic and trade policies.	
5.1.2	<i>Actions have been taken if risks have materialized or assumptions have not been verified</i>
No actions have been taken as risks and assumptions were not identified in programming documents. In 5.1.1 we have proposed two implicit assumptions and so far there are no signs that these assumptions will not be fulfilled.	
5.2	Institutional, macroeconomic, legal and regulatory improvement is not disappearing / has not disappeared after EC intervention
5.2.1	<i>Evidence that improvement has continue after EC intervention</i>
The <b>PROTLCUEM</b> has not yet started its implementation (see efficiency 4D.1). No results have been achieved at this point.	
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>
5.3.2	<i>Repayment rate of loans in EC supported programmes (high enough)</i>
NA (There are no EC interventions in Mexico that correspond with this expected result).	
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>
NA (There are no EC interventions in Mexico that correspond with this expected result).	
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>
<b>AL-INVEST.</b> The position of EUROCENTRO CANACIN'TRA as service provider could be sustained after the end of the programme as it provides the same kind of services, on request, outside the AL-INVEST programme. However, according to the interviews, AL-INVEST services are not sustainable and will disappear as soon as the subsidies are finished, as there will be no demand. For example, there is no evidence of companies supported once through AL-INVEST funding required assistance again on individual basis.	

5.5	Business-to-business cooperation, trade and investment continues to expand after EC intervention
5.5.1	<i>Evolution of the number of mutual agreements</i>
	<p><b>AL-INVEST I and II</b> direct contribution to the evolution of number of mutual agreement is difficult to establish. Evidences of long lasting effects of AL-INVEST I and II at this level could not be collected during the mission.</p> <p><b>PIAPYME</b> and <b>AL-INVEST III</b> programmes are still to be implemented. It is early then to appreciate if the results are long lasting but, in this particular issue, the potentialities of replicability are few, for PIAPYME and AL-INVEST, given the set up of the programmes.</p>
5.5.2	<i>Evolution of the number of investments following mutual agreements</i>
	<p><b>AL-INVEST I and II</b> direct contribution to the evolution of number of investment is difficult to establish. Evidences of long lasting effects of AL-INVEST I and II at this level could not be collected during the mission.</p> <p><b>PIAPYME</b> and <b>AL-INVEST III</b> programmes are still to be implemented. It is early then to appreciate if the results are long lasting but, in this particular issue, the potentialities of replicability are few, for PIAPYME and AL-INVEST, given the set up of the programmes.</p>
5.5.3	<i>Evolution of exports</i>
	Exports to Europe are evolving positively since the signature of the FTAA Mexico European Union. As the programmes are not yet accomplished is difficult to attribute them a part of this evolution.
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>
5.6.2	<i>Local supply of non-subsidised BDS continues to increase or at least do not decrease after EC intervention</i>
	<b>PIAPYME</b> does not aim at BDS local market development.
5.7	Micro-enterprises continue to develop
5.7.1	<i>The number of micro-enterprises continue to grow after EC intervention</i>
5.7.2	<i>Micro-enterprises continue to expand after EC intervention</i>
	NA (There are no EC interventions in Mexico that correspond with this expected result).

## EQ 6 – Efficiency

<p><b>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:</b></p> <p><b>A. The deconcentration process and the support given by HQ</b></p> <p><b>B. The preference given in some regions to all-country programmes</b></p> <p><b>C. The preference given in some regions to promote local expertise instead of using international support</b></p> <p><b>D. Other organisational set-up or management systems and processes</b></p>
<p>6A.1 The <u>deconcentration</u> 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 deconcentration dates back to 2002. The CSP 2002-2006, which plans the interventions analysed, is part of the new framework for EU-Mexico relations following the signing of the Economic Partnership, Political Co-ordination and Co-operation. Before that there was no major bilateral interventions of the EC in Mexico.</p> <p>The Delegation played a leader role in the identification of the programmes analysed with clear advantages on the identification of the needs. Delegation, for its proximity, has a good understanding of the context and can maintain a closest dialogue with the institutional beneficiaries. However the design of the programmes did not took into account lessons learned from similar interventions implemented in other countries, neither enhanced best practices for PSD interventions.</p> <p>The way from identification to the implementations has been very long for all the national projects. This is mainly caused by the difficulties to match Mexican legislation with European Financial Rules and is aggravated by the little experience on both sides – Delegation and Mexican authorities – managing cooperation programmes. Delegation and Headquarters did not collaborate to overcome legal, financial and thematic difficulties. The Delegation is been very present on the field in order to find practical solutions. Even though Headquarters still have reserves on the found solutions for the <b>PIAPYME</b> and the procedural follow up. The <b>PROTLCUEM</b> is still waiting for an agreement of its legal form even though it was signed in November 2004. And, <b>IMPULSO</b> a programme identified in order to strength the innovation capacity of the Mexican companies has not yet been signed for the same reasons.</p> <p>The presence of the Delegation is also very strong beyond procedures and is very much involved in the implementation. The workload is important and little time is devolved to the strategic and planning activities.</p>
<p><i>6A.1.2 Workload related to implementation procedures of project managers at the Delegation</i></p>
<p>The workload related to implementation procedures is important especially because the tasks currently undertaken go beyond procedures. Project managers are involved in the operational level, for example they attend activities of the projects.</p>
<p><i>6A.1.3 The deconcentration has led to a better identification of needs and project design</i></p> <p>Note: This item is related to relevance (not to efficiency) and it is asked only to complement information.</p>
<p>Needs are correctly identified. There is a better understanding of the situation and a better dialogue with the beneficiaries especially when these are institutional.</p>

<p>Regarding the identification of solutions, the identification of the programmes did not take advantage of similar experiences implemented in other countries.</p>
<p><i>6A.1.4 Evidence of sharing experience / lessons learning from other Delegations</i></p> <p>Note: This item is related to one of the risks of the deconcentration and not to efficiency. It is asked here because it does not fit somewhere else.</p>
<p>In the case of <b>PIAPYME</b>, there is no sharing of experience nor lessons learned from similar programmes. For example, the design of the programme does not take into account the conclusions of the Committee of Donor Agencies for Small Enterprise Development; the support still targeting individual enterprises, outreach, sustainability and distortion are matters still to be addressed.</p>
<p>6B.1 The use of “<u>all-country</u>” programmes has contributed to the efficiency of the EC interventions</p>
<p><i>6B.1.1 Speed of decision making during the identification and implementation stages (project preparation, implementation payments)</i></p>
<p>In the case of Mexico the all-country programme most used is <b>AL-INVEST</b>. Its speed of decision-making resides in the long experience of this programme and the efforts to train operators to its particular methodologies.</p>
<p><i>6B.1.2 Cost of interventions before and after “all-country” programmes</i></p>
<p>No evidences were collect during the mission on this purpose.</p>
<p><i>6B.1.3 Workload related to implementation procedures of project managers at the Delegation</i></p>
<p>Delegation of Mexico was very much aware of AL-INVEST activities. The Delegation is involved in the information dissemination of AL-INVEST in Mexico but there are in fact no responsible at procedural level.</p>
<p><i>6B.1.4 The use of “all-country” programmes has led to a better identification of needs</i></p> <p>Note: This item is related to relevance (not to efficiency) and it is asked only to complement information</p>
<p>Needs are foreseen in regional terms. This does not always allow sticking to individual realities but AL-INVEST shows a certain concern on adapting the programme to the specificities of each country.</p>
<p>6C.1 The use of <u>local expertise</u> has contributed to the efficiency of the EC interventions</p>
<p><i>6C.1.1 Speed of decision making during the identification and implementation stages (project preparation, implementation payments)</i></p>
<p>There is little use of local expertise in EC interventions in Mexico in spite the fact that quality resources are available in different areas. The identification teams have always been internationally recruited. The component of short International Technical Assistance is very high in PIAPYME and PROTLCUEM. Moreover, the use of this International Technical Assistance supposes an effort of planning in order to obtain the best consultants (for example, this has been the case of an activity planned not sufficiently in advance and thus where the work of the consultants was considered not meeting the quality requested).</p>
<p><i>6C.1.2 Cost of interventions before and after use of local expertise</i></p>
<p>There is complains about the high costs of the international experts and the real necessity of having international experts for all the services.</p>
<p><i>6C.1.3 Workload related to implementation procedures of project managers at the Delegation</i></p>
<p>The system set up in the PIAPYME – one global contract for all the International Technical Assistance - allows do not crowd out project managers at the Delegation with international tender dossiers.</p>

6D.1 The organisational set-up and management system has contributed to an efficiency implementation of the programme

*6D.1.1 Programme inputs are on time, at planned cost and well managed on a day-to-day basis*

### **PIAPYME**

Several problems are to be noted regarding the PIAPYME.

The funds were available on time but the project has begun with delays because there were difficulties to match European Commission financial rules and Mexican regulation. In particular there is the problem of matching European financial rules with the use of the Fideicomiso. The Fideicomiso is a juridical structure; the equivalent of a Trust. The current Mexican Government is using it intensively to manage public funds. The main characteristics of the fideicomiso are that: i) it offers a transparent management, ii) it offers stability to policies because when funds are allocated they are not demobilised annually, and iii) the objectives to which the capital can be used are clearly established. Given the fact GoM had created numerous mechanisms to finance SMEs development it was decided that the national counterpart for the PYAPIME will come from the Fondo PIAPYME, which is a fideicomiso. This decision allowed starting the implementation of the PIAPYME but the consequences have been heavy. For example, national rules of the fideicomiso do not allow covering operating expenditures. It is also the case of European rules. Therefore, for the moment, the programme does not have funds to cover these expenditures and Bancomext, the hosting institution of the CMUE, is covering some of them.

In December 2004, the SMEs Sub-secretary, representing the legal beneficiary, notified to the Director of the CMUE its future replacement. Since then, the replacement has not been appointed. Therefore, the Director is still in function but has at the same time assured his previous position inside Bancomext with the subsequent overload of work.

A single global contract of Technical Assistance allows speeding up the access to short-term experts avoiding constant tender procedures. However, up to now the quality of the European Experts has not always been satisfactory due mainly to a lack of planning and too short preparation of the activities.

### **PROTLCUEM**

The programme was signed in November 2004 but has not begun at present time.

The identification study was not satisfactory and the Ministry of Economy continued internally the definition of the project. During the identification (internal and external) of the programme all the beneficiaries have been consulted but the negotiations in order to balance the components have also been hard and long.

Even now that the programme has been signed, the implementation cannot start as the parties are still looking after the more convenient juridical structure. The Mexican financial counterpart is not yet ensured even if the programme was signed in Novembre 2004. Given the problems faced by PIAPYME the idea of establishing a Fideicomiso has been abandon and it seems that the programme will be finance through a classical budget line. However this is not a definitive solution. On the one hand, the government does not have the majority at the Congress and it is possible for the opposition parties to block the decision. As this budget line needs to be programmed annually it seems that the availability of funds would be a permanent threat during the whole programme lifetime. On the other hand, problems within the European financial procedures remain as Mexican officials can not follows other rules that the nationals ones. This difficulty is aggravated by the little experience of both sides – DEC and Mexican authorities – managing cooperation programmes.

<i>6D.1.2 Programme activities are on time, at planned cost and well managed on a day-to-day basis</i>
<b>PIAPYME</b> During this first period of implementation, the PIAPYME was characterized by a rush of the activities, in order to reach a cruiser speed but the announcement of the replacement of the Director has cut this dynamic.  The rules of operation are still not clear; the approval of sub-projects is not always justified. Numerous sub-projects were approved but they are still waiting for a complement of information from the beneficiaries. The approval was not justified in many cases as there was in fact no project, no plan (i.e. it was the case for the company OPLEX). The consequences are that few activities have been achieved up to now.  Personal tensions between the actual Director of the CMUE and the Team Leader of the International Assistance, the Delegation and the Ministry of Economy have strongly hampered the realisation of activities.
<i>6D.1.3 Results are being achieved as planned (quality and quantity)</i>
<b>PIAPYME</b> has achieved up to now few results as it is at the beginning of its implementation. Component I: 1 Technical Assistance mission finished, 2 ongoing. Component II: 1 Technical Assistance mission ongoing. Component III: 1 Training in 6 cities, 75 presentation of general divulgation of the PIAPYME.
<i>6D.1.4 Existence and use of an internal monitoring system</i>
<b>PIAPYME</b> The monitoring system is not in application for the moment. A tender process is in course.
<i>6D.1.5 The programme has been able to adapt to changing needs or context</i>
Note: 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).
No needs or context changes have intervened.

## EQ 7 – Coherence (within EC action)

<p><b>A. To what extent does the CEC PSD <u>policy in general</u> take into account other EU strategies and policies?</b></p> <p><b>B. To what extent does the CEC PSD <u>support strategy within a country</u> strategy take into account:</b></p> <ul style="list-style-type: none"> <li><b>i. The support given to other sectors within the same country strategy?</b></li> <li><b>ii. Other EU strategies and policies</b></li> </ul> <p><b>C. To what extent do national or regional EC PSD programmes within a country take into account:</b></p> <ul style="list-style-type: none"> <li><b>i. Other PSD programmes within the same country</b></li> <li><b>ii. The support given to other sectors within the same country</b></li> <li><b>iii. Other EU strategies and policies</b></li> </ul>
<p>7B.1 The CEC <u>PSD support strategy within a country</u> takes into account other EU interventions</p>
<p>7B.1.1 <i>Explicit reference to EC 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>The other sectors of intervention are: “Social development and reduction of inequalities”; “Consolidation of the rule of law” and “Scientific and technical cooperation”. Regarding the two first sectors, no reference is made to private sector development or economic cooperation. When presenting the areas of intervention for the sector “Scientific and technical cooperation”, the CSP indicates that “co-operation in this sector will support the implementation of the Mexican science and technology action plan 2001-2006 and will concentrate, on the one hand, on activities focussed on solving problems related to the well-being of the population, such as nutrition, health, education, environment and poverty alleviation; and on the other, <i>on linking innovation and production to help local and EC enterprises to keep pace with the constant challenges of the new global economy.</i>” It was initially decided to hold the identification of a science and technology programme until 2005 to be able to identify needs and possibilities. Indeed, at the time of the mission (March 2005), the IMPULSE programme had been identified: a feasibility study had been carried out and a financing agreement had been discussed. More important in terms of the coherence, it was decided that in view of the specificity of the programme and its strong links with private sector development, it should be managed within the Delegation by the Economic Cooperation Section in parallel to the PIAPYME and PROTLCUEM programmes.</p>
<p>7B.1.2 <i>Evidence that EC support to <u>other sectors in the same country</u> has positively or negatively affected the achievement of the objectives of the PSD support strategy within the country</i></p>
<p>No evidence found. The other main areas of support are “Social development and the reduction of inequalities” and “Consolidation of the rule of law” and no evidence has been found of positive or negative effects from those sectors to economic cooperation.</p>
<p>7B.1.3 <i>Explicit reference to the possible effects of <u>other EC strategies and policies</u> (development or non-development) on the PSD support strategy in a given country</i></p>
<p>The CSP explicitly refers to the coherence between EC support to Mexico and other EC policies. In particular it mentions the following policies, strategies or orientations: trade; common agriculture policy; sanitary and phytosanitary (SPS) control and consumer’s protection; internal market and competition; research and development; environment, conflict prevention; justice and home affairs; and the information society. The coherence with each of these policies or strategies is analysed and while it considers that overall the support strategy to Mexico is coherent with these other EC policies, the CSP also raises a number of issues representing a risk to the complementarity. The two most important are:</p>

<ul style="list-style-type: none"> <li>▪ The <b>CAP</b> is “perceived by Mexico as a protectionist policy for European products. Even though some studies carried out in the context of the negotiations for the FTA showed that EU and Mexico agricultural products are in general complementary, it should be noted that products included in the CAP are the object of special treatment under the EU-Mexico FTA, being excluded from the bilateral liberalisation process”.</li> <li>▪ The implementation of <b>SPS</b> controls is also “perceived by Mexico as a non-tariff trade protection measure that prevents certain products – mainly agricultural - from obtaining access to European markets. At the same time, Mexico has questioned the non-reciprocity of the EC regarding the implementation of certain Community principles, such as that of regionalisation”.</li> </ul>
<p>7B.1.4 <i>Evidence that <u>other EC strategies or policies</u> (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>The team has not found direct evidence on this issue through interviews. Regarding written sources, see 7B.1.3.</p>
<p>7C.1 National or regional EC <u>PSD programmes within a country</u> take into account other EC interventions</p>
<p>7C.1.1 <i>Programme documents explicitly refer to the <u>other EC PSD programmes in the same country</u> and analyse possible complementarities, synergies conflicts or overlaps</i></p>
<p>The PIAPYME and AL-Invest programmes have some similar components and up to now no mechanism has been set up to ensure complementarity, to generate synergies or to avoid conflicts and overlaps.</p> <p>PIAPYME programme documents mention several times that the beneficiary (the Ministry of Economy - Vice-Ministry for Small and Medium Enterprises) shall ensure complementarity and shall generate synergies with other programmes such as AL-Invest and PROTLCEUM. In particular, it indicates that under its Component III - Activities for the Operators, “a coordination mechanism with the Phase III of AL-Invest Programme will be foreseen in order to avoid duplications and create synergies between both programmes”. By the time of the mission, no mechanism had yet been set up but the flow of information between the two programmes (management, operators and beneficiaries) was important. Moreover, it was clearly expressed by some (potential) operators that - in their view – the programmes proposed the same kind of support and that, given the financial conditions of each programme, they already had preferences.</p> <p>On the other hand, no mention of the PIAPYME has been found in AL-Invest documents, which is to be expected given that it is a regional programme and thus no specific to Mexico. Nevertheless, the director of the AL-Invest programme was well aware of the existence of the PIAPYME and during his dissemination tour in Mexico, he was due to hold interviews with the PIAPYME management unit.</p> <p>PROTLCEUM or IMPULSE programme documents do not mention other PSD programmes in Mexico.</p>
<p>7C.1.2 <i>Evidence that <u>other EC PSD programmes in the same country</u> have positively or negatively affected the achievement of the objectives of the programme</i></p>
<p>Given the stage at which the programmes are (PIAPYME has just started, PROTLCEUM is not yet under implementation and IMPULSE is at the identification stage) it is not yet possible to find evidence regarding positive or negative effects between the programmes.</p>
<p>7C.1.3 <i>Programme documents explicitly refer to EC support to <u>other sectors in the same country</u> and analyses possible complementarities, synergies conflicts or overlaps between the programme and other sector support within the same country</i></p>
<p>PSD programme documents do not refer to EU support to other sectors in Mexico.</p>
<p>7C.1.4 <i>Evidence that EC support to <u>other sectors in the same country</u> has positively or negatively affected the achievement of the objectives of the programme</i></p>

<p>Given the stage at which the programmes are it is not yet possible to find evidence regarding positive or negative effects of EU support to other sectors to these PSD programmes. It is expected that there will be no effects give the nature of the other interventions.</p>
<p><i>7C.1.5 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>PSD programme documents do not refer to other EC policies.</p>
<p><i>7C.1.6 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 has not found direct evidence through interviews on this issue. However, the different PSD programmes in Mexico do incorporate the fact that many EC policies affect trade relations between Mexico and the EU and aim precisely to overcome the difficulties that some of these policies may bring. It is the case of PROTLCUEM, which will provide institutional support on Technical Norms (Component II) or Sanitarian and Phytosanitarian measures (Component III) to facilitate access to the EU market to Mexican firms. It is also the case the PIAPYME that may give the same type of support at the firm level, for example, providing an expert on SPS to a firm willing to export to the EU.</p>

## EQ 8 – Coordination (with other donors)

<b>To what extent is there coordination between donors, both at central and at country level?</b>	
8.2	The EC 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>
	Overseas development aid (ODA) is relatively small in Mexico due to the fact that it is a country with a medium-high level of income and member of the OECD. Therefore, both bilateral and multilateral donors have a limited activity in Mexico. Still, some of them are present with projects in different sectors but donor coordination is quite limited. The European Commission and Member States have set up four thematic groups. The group on Economic Cooperation is lead by the Delegation; as it is the group on Social and Environmental Development; the group on Institutional Support is lead by Spain and the group on Science and Technology, Education and Culture is lead by France and had its first meeting in March 2005 with 13 people present. The aim of this meeting was to exchange information and explore the possibility of improved coordination. The meeting showed that all present donors worked with CONACYT and had projects related to university work, scientific research, scholarships for students and, moreover, that they face a number of similar problems, for which they now consider to take coordinated actions.
8.2.2	<i>Evidence of distribution of tasks among the different donors at country level</i>
	No evidence found.
8.2.3	<i>Evidence of joint activities or projects between the different donors at country level</i>
	No evidence found.
8.2.4	<i>Explicit reference to other donor policies or activities in country documents</i>
	<p>The CSP 2002-2006 presents information on other donors' activities and programmes (Sections 4.2 and 4.3 and Annex 6):</p> <p>For most EU member states, Mexico is not considered as a priority country for bilateral co-operation due to its relatively high level of income. However, as there are still significant social inequalities, some member states finance NGO-managed micro, small and medium-sized projects in a variety of sectors, including social development, environment and health. Further, bilateral support is given for environmental protection, primary education and scientific/academic co-operation, institutional strengthening and economic co-operation. The main EU donors in terms of bilateral co-operation are Germany (mainly long-term environmental projects), Spain (primary education, environment), France (scientific/academic co-operation), and the UK (environment).</p> <p>In terms of multilateral organizations, they mostly provide the government or private enterprises with loans (World Bank, IDB and EIB). The EIB focuses on productive infrastructure, the WB and the IDB mainly on education, infrastructure, environment and rural and urban development. United Nations agencies, mainly through UNDP, sponsor projects in areas such as poverty alleviation, environment and the development of a democratic culture.</p> <p>According to the available information, total funds coming from multilateral institutions amount to approximately € 6 billion. The most important donor is the World Bank, which contributed US\$ 3.9 billion from 1997 to 2000.</p>
8.2.5	<i>Explicit reference to other donor policies or activities in programme level documents</i>
	No evidence found.

<p>8.2.6 <i>Examples of complementarities and synergies between programmes funded by the EC and programmes funded by other donors</i></p>
<p>In August 2004, the UNDP organized the workshop “Mexico towards an advanced economy in the XXI century” with two objectives. On the one hand, to open a platform of discussion on the factors accelerating or slowing down competitiveness of Mexican enterprises compared to others countries. On the other hand, to present the different projects to support SMEs that are (or will soon be) carried out in Mexico in order to search for synergies and complementarities. In that frame, the EC was invited to present the PIAPYME programme.</p> <p>It was concluded that the programmes were very close although with different focus - the EC programme focusing on possibilities of trade with the EU only - and, further, that coordination should be enhanced. No practical agenda was decided and by the time of the mission (March 2005) no further steps had been taken.</p>
<p>8.2.7 <i>Evidence of overlap between PSD programmes of the EC and of other donors at country level</i></p>
<p>No evidence found.</p>
<p>8.2.8 <i>Evidence of similar programmes with common beneficiaries funded by the EC and another donor</i></p>
<p>No evidence found.</p>

## EQ 9 –Cross cutting issues

<b>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?</b>	
9.2	CCI are taken into account in the PSD strategy and by programmes in Mexico
9.2.1	<i>The CSP explicitly refers to CCI (which ones?)</i>
<p>The CSP address cross cutting issues in general terms (section 6.3). In particular: gender; environment; respect for cultural diversity and traditional values; decentralisation and civil society participation; fight against corruption; and use of information and communication technologies.</p> <p>The country strategy pays particular attention to the issues of gender and good governance through the support to the focal sectors “Social development and reduction of inequalities” and “Consolidation of the Rule of Law/institutional support”. However, concerning the focal sector “Economic Growth” there is no explicit mention to cross cutting issues.</p> <p>The policy agenda of the beneficiary country, reflected in the Plan Nacional de Desarrollo (PND) pays special attention to “sustainable development, which ensures the quality of natural resources” through its “Growth with quality” component.</p>	
9.2.2	<i>Project/programme documents explicitly refer to CCI (which ones)</i>
<p><b>PIAPYME</b></p> <p>Environment and gender are recognised as cross cutting issues in the basic documents of the programme. It foresees to exclude any activities that may imply environmental damage and to prioritise specifically environmental focused projects as well as projects benefiting to women’s entrepreneurs.</p> <p><b>PROTLCUEM</b></p> <p>The issues of environment and gender are mentioned in the basic documents of the programme as part of the sustainability. It is expected that the project will have a positive environmental impact as it promotes the alignment of Mexican standards to international standards. Gender equality should be insured at all stages of the project cycle from staff selection to the implementation and the supervision of the programme.</p>	
9.2.3	<i>Internal Monitoring system takes into account CCI</i>
<b>PIAPYME</b> and <b>PROTLCUEM</b> do not have yet an established Monitoring system.	
9.2.4	<i>Evidence of the effective implementation of cross-cutting issues</i>
<p><b>PIAPYME</b></p> <p>There is no evidence of effective implementation of cross cutting issues (including as a selection criteria, for example). Some projects approved are related with bio production, but this, apparently, has more to do with the evolution of the market than with the approach of the programme.</p> <p>As commonly recognised during the interviews, there is a difficulty to apply cross cutting issues in practice, and above all gender issues, besides the speech: “How should we do it?”</p>	
9.3	A CCI is treated through a specific project or programme in the frame of the PSD support in Mexico 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 EC interventions in Mexico that focus specifically one CCI.	