

## **Executive summary – Evaluation of the „Development Partnership Program for Private Sector“**

### **Purpose of evaluation**

The subject of the evaluation was an independent evaluation of the grant program "Development Partnership Program for the Private Sector" (hereinafter referred to as "B2B- Business to Business") administered by the Czech Development Agency (hereinafter referred to as "CDA"). The evaluation focused on the process and impact evaluation of the entire program, supplemented by an in-depth analysis of the effects and impacts of support in two countries of support, Serbia and Bosnia and Herzegovina. The subject of the evaluation was the program and projects supported from 2016 to 2018.

The aim of the Project was to evaluate the processes associated with the implementation of the evaluated grant title with an emphasis on its effectiveness and efficiency, but also the quality of the submitted projects and the sustainability of their outputs and thus the overall effectiveness of the provided support.

The purpose of the evaluation was to evaluate the support program according to the internationally recognized OECD-DAC ((The Organisation for Economic Co-operation and Development's Development Assistance Committee ) criteria, in terms of the external promotion of the program and the fulfillment of cross-cutting principles of the Czech ODA. The evaluation also included an assessment of the quality and impact of supported projects in Serbia and Bosnia and Herzegovina through a foreign mission, during which the Supplier (Deloitte Advisory) carried out focus groups with key players of the development cooperation and business support, case studies of supported projects, observations and in-depth interviews with representatives of the Embassies and local Deloitte experts.

The outcome of the evaluation is a set of recommendations for process and content changes in the program, aiming for the program objectives, its maximum effectiveness and compliance with the development cooperation priorities and SDGs to be met.

### **Evaluated intervention**

The aim of the B2B Program is to contribute to the development and competitiveness of the private sector in developing countries by supporting the activities of Czech entrepreneurs, achieving the goals of SDGs and thus contributing to the development of the countries themselves. The program also aims to contribute to addressing development challenges by transferring know-how and innovative technologies. The program is complementary to the activities of the Czech ODA, products of the Czech-Moravian Guarantee and Development Bank (ČMZRB) and Export Guarantee and Insurance Company (EGAP). The target group of support are small and medium-sized Czech entrepreneurs, the beneficiaries should be local partners, the private sector and communities in developing countries. The program is characterized by 50 % co-financing by the beneficiary. Projects are approved for the fiscal year and support is directed either at the preparatory stage to:

- Creation of Business Plans with a focus on market research and establishing partnerships; or
- Creation of Feasibility Studies for technical problem solving;

or the implementation phase:

- Implementation of projects - entering a new market, investment, transfer of know-how, etc.
- Preparation of project documentation for investment projects or public tenders (new since 2018)

The subsidy is granted under the de minimis regime and its maximum amount is CZK 250,000 up to 50 % of the total costs of the preparatory phase and CZK 5 million up to 50 % of the total costs in the implementation phase. Support is usually announced within two calls per year, the first major call and the second, smaller in the middle of the calendar year.

The program is administered by the Czech Development Agency.

## Presentation of the evaluation team

The evaluation team was composed of members listed in the table below. For the purpose of the foreign mission, the Supplier used the interpreting and organizational capacities of its own branches in Belgrade and Sarajevo.

Name and surname	Role in evaluation	Role in evaluation reports
<b>Ján Sedliačik</b>	Main evaluator, Project manager	Methodical leadership, team management and quality, formulation of final recommendations based on data.
<b>Natália Križanová</b>	Expert	Synthesis of analyzed data, logical structure and quality of content. Evaluation methods design.
<b>Filip Rameš</b>	Expert – evaluator	Collection and analysis of primary and secondary data, in-depth interviews, focus groups, etc.
<b>Dominika Wygrysová</b>	Expert - evaluator	Involvement in an evaluation mission in Bosnia.
<b>Elizabeta Ester Milenkovic</b>	Local expert	Collection and analysis of secondary data sources relevant to program evaluation in Serbia.
<b>Andrija Vasiljevic</b>	Local expert	Collection and analysis of secondary data sources relevant for program evaluation in Bosnia and Herzegovina.

## Main findings and conclusions of the evaluation

The B2B program is in line with the United Nations Sustainable Development Goal and the current global trend towards private sector involvement in development cooperation. The purpose of this objective is to bring and multiply the funds and know-how of the private sector for development cooperation purposes. Another potential of private sector involvement in development cooperation is to achieve greater sustainability, financial continuity and efficiency of supported projects and activities with development impact.

The need for private sector involvement in development cooperation was also confirmed during the in-depth interviews and focus groups with representatives of international organizations providing development cooperation support. The B2B program as such appears to be meaningful and necessary, but in order to achieve a more effective impact, the Evaluator recommends adjustments and better targeting.

### Relevancy

The objective of the Program to Engage the Czech Private Sector in Fulfillment of the Development Cooperation Objectives of the Czech Republic is on the thin line between development cooperation and economic diplomacy - support for Czech exports respectively. Within the program and individual supported projects, it is difficult to determine when it comes to supporting the entry of Czech companies into foreign markets under the auspices of development aid and when it is indeed an effective development aid. The program is relevant in terms of private sector involvement in achieving sustainable goals. The fulfillment of the objective of the development of the business sector (transfer of know-how, innovative technological solutions, etc.) can be expected especially for projects in the implementation phase, i.e. 22 % of supported projects. For Feasibility Studies and Business Plans projects, relevance to the business development objective in developing countries cannot be evaluated due to the short delay and unavailability of data.

### Efficiency

The efficiency of the program in terms of administrative costs and costs of individual projects can be assessed as cost-effective. The program is very cost-effective (4-8% of the total budget). The supported projects<sup>1</sup> do not show signs of significant inefficiency, but it is difficult to evaluate due to the lack of sustainability and impact data. However, a compulsory 50 % co-financing by beneficiaries creates the preconditions for cost-effective projects. The program is as efficient as possible and unlike other support

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<sup>1</sup> On the example of evaluation of selected projects in Serbia and Bosnia and Herzegovina.

programs from i.e. the European Structural and Investment Funds (ESIF), it is not significantly administratively demanding. The process and administrative aspect of the Program represents a potential for further streamlining. The administrative and bureaucratic burden is borne mainly by the administrator of the Czech Development Agency (ČRA) program, who performs many tasks manually and repeatedly. Greater automation and digitization would facilitate and speed up the process of receiving, evaluating, monitoring and controlling applications.

### **Effectiveness**

The effectiveness of the program is gradually increasing, but so far B2B partnerships have been created to a lesser extent. Among the supported projects are feasibility studies and business plans, which are either partners of public / state or local authorities as partners or do not directly create partnerships but rather map opportunities. Support for follow-up projects in 2018 has grown significantly, establishing the prerequisites for the effectiveness of the program. By focusing on development cooperation, the program faces a number of external influences and factors that have an impact on the implementation of projects and which cannot be effectively prevented by beneficiaries. De minimis aid seems to be effective and efficient.

### **Impacts**

The impact of the program cannot be evaluated due to the absence of long-term monitoring of project results and impacts after their completion. Also, the B2B program does not impose on beneficiaries the obligation of sustainability of project outputs or results. Also, the impact<sup>2</sup> (of support / projects on the development of the business sector) cannot be evaluated mainly due to the short time interval and excessive geographical and sectoral fragmentation of support.

### **Sustainability**

The sustainability of the program and supported projects can be evaluated primarily in the short term perspective, especially taking into account the number of supported follow-up projects. In this respect, the program has been increasingly successful in supporting related follow-up projects, most notably in business plans and implementation phases. Program sustainability cannot be evaluated for the same reasons as impacts, lack of data on sustainability, financial support and impact beyond the implementation period. There is no data on the follow-up financing of projects, which is also the biggest weakness of the program from the perspective of the beneficiaries. Support is not linked to other national, international or foreign sources of support. Beneficiaries or their local partners are not provided with technical support to increase the likelihood of receiving follow-up funding.

### **External presentation**

The external presentation of the program is well targeted and sufficient with regard to project initiators. The presentation of the results of the intervention is related to successfully implemented projects, so it is not yet possible in some countries. Within the program it is possible to improve the presentation and sharing of outputs and results of individual projects.

### **Fulfillment of cross-cutting principles of the Czech Development Aid**

The cross-cutting principles of Czech development cooperation are not significantly relevant for the beneficiaries of the B2B Program; the beneficiaries often cannot evaluate the principles. Most of the cross-cutting principles are not fulfilled (typically for Feasibility Studies and Business Plans) or cannot be assessed. The program achieves the highest level of fulfillment in the principle of environmental friendliness, where the vast majority of exported technologies or know-how are subject to stricter environmental protection standards or deal directly with environmental protection.

### **Main recommendations**

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<sup>2</sup> At the time of preparation of this report, the ODA Guarantee Program was launched to link B2B and financial instruments. The program was approved in June 2018. ČMZRB is also accredited for European development financial instruments.

No.	Recommendation	verity rating (1 - most serious, 2 - serious, 3 - least serious)	The main recipient of the recommendation
1.	Narrow down the geographical or sectoral focus of B2B with a possibility to assessing its impact	1	MFA, CDA
2.	Clearly define the objectives of the program	1	MFA, CDA
3.	Promote meaning of project sustainability and impact monitoring beyond implementation	1	CDA
4.	Match the B2B program with other support programs of CDA, Ministry of Foreign Affairs of the Czech Republic, Embassies, Ministry of Industry and Trade	2	MFA, CDA
5.	Establish, in cooperation with the embassies, mechanisms for information and involvement of umbrella business organizations in (in development countries) promoting the program	3	CDA, Embassies
6.	Implementation of information monitoring system - electronization and automation of processes connected to receiving project applications as well as project management and control	1	CDA
7.	Setting up a mechanism for simplified support for multi-annual projects and synergic projects	2	CDA
8.	Improve timing of the calls, eventually consider lifting the second calls	3	CDA
9.	Extend the evaluation criteria for applications or introduce a bonus system	1	CDA
10.	Enable systematic control of the implementation of projects by CDA employees at the place of implementation	3	CDA
11.	Obligatory informing the involved embassies about the selection of projects, including the justification for not selecting the projects recommended by the embassies	2	CDA