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**Foreign Affairs,
Foreign Trade and
Development Cooperation**

Evaluation of the Belgian instruments in support of Foreign Trade eligible as Official Development Assistance (ODA) – FINEXPO Evaluation

Final report – Public version



EVALUATION OF THE BELGIAN INSTRUMENTS IN SUPPORT OF FOREIGN TRADE ELIGIBLE AS ODA - FINEXPO

Final report – public version

The Special Evaluation Office has assured the conformity of this evaluation report with the terms of reference. The Evaluation was supported by a steering committee in Brussels.

The opinions expressed in this document represent the evidenced view of the authors and do not necessarily reflect the position of the FPS Foreign Affairs, Foreign Trade and Development Cooperation.

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In order to comply with the FINEXPO confidentiality rules, this public version of the report does not include any name (beneficiary companies and persons contacted). An internal version of the report which provides full information on the sources used for the evaluation has been submitted to the Special Evaluation Unit.

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Executive summary

FINEXPO

FINEXPO is the Belgian federal instrument which aims at providing advice and financial assistance to Belgian companies to export capital goods and services. It bases its action on five instruments among which four are eligible as ODA due to their concessionary nature. These five instruments can only support Belgian exports and are therefore considered as tied aid (except some State-to-State loans that can be untied).

- Interest stabilisation: this instrument is of commercial nature only and is thus not subject to evaluation within this study;
- Interest subsidies;
- Interest subsidies with donations;
- Pure donations;
- Concessional State-to-State loans.

Since its creation in 1997, FINEXPO has supported 108 export projects counted as ODA. These exports have been directed to 39 countries, among which Ghana and Vietnam are the two main beneficiaries in terms of number of projects implemented in the country.

Context of the study

Belgium requested the FINEXPO evaluation after the OECD countries agreed to untie aid in 8 new Highly Indebted Poor Countries. Indeed, tied ODA is bound by international agreements resulting from a consensus among the Participants and DAC consultation. The first agreement, "arrangement on export credits benefiting from public support" approved in 1978 sets limits on the terms and conditions of officially supported export credits and on the provision of aid. The last version of the agreement was approved in 2009. It sets the minimum interest rate for providing official financing support, risk fees, the maximum repayment terms, the minimum grant element or concessionality level, and the sectors and countries of intervention among other things.

Prior to implementing this new agreement in these 8 countries, Belgium requested a two-year moratorium to evaluate FINEXPO and assess the relevance and impact of its instruments.

Methodology of the evaluation

The evaluation has been conducted in three stages: a desk study in Brussels, two field missions in Vietnam and Ghana, and an analysis stage in Brussels. The desk phase consisted of conducting a review of the international literature on untied aid, of reviewing project files at FINEXPO's headquarters in Brussels, and of gathering information on the instruments used by France, the Netherlands, Spain, Denmark and Germany to support foreign trade and counted as ODA. Information on foreign instruments was used to perform a benchmark analysis.

Two series of interviews were also conducted: one with members of FINEXPO, and another with a selected sample of Belgian companies that benefited from FINEXPO aid. Primary findings were confronted during two field missions. Finally, after discussing the analysis and the conclusions, a workshop was organised with the members of the evaluation's Steering Group in order to discuss the recommendations.

Analysis

The evaluation covered both the services provided by FINEXPO and the projects implemented with FINEXPO's support.

FINEXPO (committee and secretariat)

FINEXPO's strategy

FINEXPO's strategy is not formally defined: FINEXPO is not bound by the May 1999 cooperation law while trade is a regional competency. The only external policy framework is the OECD Agreement defining sectoral and geographical limitations notably. This lack of policy framework is not compensated by an internal strategy.

FINEXPO's selection process

Without a clear policy framework, FINEXPO's committee has no guidelines to assess the relevance of the selected projects. Relevance with respect to development policy priorities in the recipient countries is not explicitly tested and is mainly based on individuals' observations at the Embassies or at the World Bank. In practice, the approach to ensure development relevance resembles a "no objection" approach¹. Relevance of the projects themselves and of their design is not analysed either. The assessment of funded projects' relevance to the Belgian economy is conducted by the Ministry of Economic Affairs but the criteria that are used are not explicit.

Project files and the minutes of FINEXPO Committee's meetings reveal that agreements to support the considered projects are unanimous. With a very limited annual budget of about €60 millions for the four instruments, compromises for the selection of the projects must be found. These compromises are not reached based on strategic considerations: competition between projects is lacking and premiums for proposals that meet specific criteria are not foreseen for instance. The selection process is relatively informal and companies approach the committee differently: the firms "have their own idea" of the amount they can ask from the programme and they refrain themselves from requesting more than that amount.

FINEXPO's services

These informal agreements and procedures ensure that the programme is managed smoothly and efficiently. The selection process is predictable, contacts are easily made, and the secretariat is responsive. However, this informal approach has led to the concentration of information into the hands of few different individuals. The process does not require much investment in ex-ante analyses - hence the weakness of the feasibility studies - or in monitoring and evaluation - lessons are not likely to influence future project selection processes. The only feedback FINEXPO receives concerns the conditions of projects' implementation, not the relevance, effectiveness or impact of these projects.

¹ Projects are accepted if their relevance for development is not contested by the DGDC, development Banks or FINEXPO.

The absence of a competitive selection process allows for a relatively informal and efficient relation between FINEXPO's committee and the enterprises it funds. However, one is entitled to wonder to what extent this lack of competition merely imposes such dynamics. Indeed, interested enterprises can only accept this lack of transparency and of formal agreements after the FINEXPO process convinces them of the benefits of an informal approach (avoidance of expensive competitive tendering e.g.).

FINEXPO is effective in the sense that it delivers its expected outcome: "capital goods and related services of Belgian origin are delivered to developing countries eligible for tied aid and LDCs". One hundred and eight contracts have been supported for a total amount of €776 million with a €231 million support from FINEXPO, with a multiplier of 3.37. As targets are not set, there is no benchmark to compare performance. However, the approach followed by FINEXPO leads to a concentration of resources which can hardly be considered as the optimal resource use in line with the instrument's purpose. Over 10 years, 38 companies benefited from FINEXPO, 5 of them received 52% of the budget allocated, and the top 10 received 70%.

FINEXPO has an impact on international trade relations and on creating business linkages. This does not mean that the created trade relations are sustainable without FINEXPO's support. FINEXPO has also had a catalytic impact on financing opportunities for at least 3 companies. Indeed receiving public supports has an impact banks' trust in the companies' projects. Its impact on trade distortion is difficult to assess because of the characteristic of the countries targeted (where commercial loans are not allowed by the IMF).

FINEXPO's projects

Relevance

The projects are relevant for development purposes in the sense that they answer local needs and requests. They target at least two of the expected impact of FINEXPO: "enhanced stock of social infrastructures" and "improved use of basic infrastructures". Local counterparts are involved in the design and the implementation of the projects. However, projects do not seem to be discussed with leading donors in the sectors of intervention and the relevance of a specific project can be affected by the quality of the feasibility studies. Therefore, a significant part of the projects can be considered as relevant as individual interventions, but not as part of any kind of consistent strategy.

Finally, the analysis of the projects' sectors of implementation shows a strong concentration on urban public transport. Around 35% of FINEXPO's budget for the period 1997-2008 has been spent for selling buses. Another 8% also went to the urban transport sector market. Questions can be raised about the optimisation of resources' allocation.

According to the broad definition of what would be acceptable for FINEXPO to finance from an exports promotion point of view, most projects can be considered as relevant since they include some added value in Belgium. Moreover, in many cases the beneficiary company would not have accessed the market without the support of concessional funds.

FINEXPO's budget is concentrated on four sectors, as well as on a small number of relatively large and export-oriented companies resulting from the no-objection approach. The absence of formal competition between projects implies that premiums are not granted to enterprises which most need FINEXPO's kind of support to export, or to firms with the highest potentials.

Effectiveness

FINEXPO's committee does not know the extent to which the projects it funds are effective. Field visits gave mixed results regarding the achievement of the development objectives and the sustainability of the effects is often not ensured.

FINEXPO's most effective contribution in promoting exports is the opening of markets to Belgian enterprises which would not have accessed them without the support of concessional funding. However, while FINEXPO is used as a key partner to access markets for which concessional resources are needed, it cannot be considered as a catalytic instrument that enables Belgian firms to penetrate new markets and subsequently develop their business. Indeed, trade relations are not sustainable without FINEXPO's support.

As the committee did not develop a systematic monitoring and evaluation mechanism, it cannot draw lessons from such potential success stories.

Efficiency

FINEXPO's secretariat does not possess the instruments or the information to properly assess the efficiency of proposed services or delivery of supplies. The applicant companies are not required to provide evidence on the competitiveness of their services as long as their prices match international price levels. Price overestimations made by enterprises which are not exposed to competition is not a major problem thanks to the controls in place (pricing studies on a case by case basis for State-to-State loans e.g) and thanks to the work of quantity of surveyors in some of the beneficiary governments and institutions. But the technical solutions proposed by these firms are much more difficult to control or to challenge when they seem too expensive. Competitive bidding would allow for comparing different technical solutions. In practice the majority (70%) of the firms supported by FINEXPO are in fact competing with each others. They are thus under pressure to propose efficient technical solutions, provided of course that the competition is not biased.

Sustainability

The potential sustainability of a project is mainly analysed in terms of technical sustainability. If field missions have highlighted the involvement of local partners, strong during the implementation stage, variable during the design one, this issue is not addressed within the questionnaire at the selection stage.

Conclusions and recommendations

C1. The lack of external policy framework is not compensated by an internal strategy

R1. The fact that companies and FINEXPO need to agree on limitations in terms of numbers of requests or budget suggests that the latter is not sufficient to allow FINEXPO to meet its broad and unclear objectives. The absence of a clear strategy and of an open and explicit selection mechanism could expose the decisions taken by the Committee to criticisms for insufficient transparency in the allocation of public funds.

The Committee should compensate the lack of guidance by defining its own "mission statement", publicly available and broadly circulated. The mission statement should set the goals and purpose of the instrument. It should consist of a document that presents FINEXPO's institutional features, its different bodies' responsibilities and activities, its budget, and an annually revised strategy explaining how the Committee intends to carry out its mission. This strategy would lead to priorities being set and thus to projects selection criteria.

C2.1 The effectiveness of FINEXPO is limited by insufficient selectivity of the projects

R2.1.1 A mission statement and its annexed documents should function as a funnel for selecting projects. It is suggested to select projects against the following criteria:

- Compliance with the OECD arrangement;
- Compliance with FINEXPO's goals and purpose;
- Quality of the feasibility study;
- Repeat orders (projects that are not repeat orders should be a priority).

Each of these criteria should be defined precisely in the mission statement, including their related indicators. An M&E mechanism will be necessary to adapt and refine the criteria based on the lessons learnt.

R2.1.2. Raising the level of requirement through tighter criteria implies that FINEXPO must receive more requests than it can approve in order to improve the quality of the projects through selection (projects' relevance and effectiveness). Increasing the visibility of FINEXPO in Belgium and in the beneficiary countries thus becomes a priority. FINEXPO must become an attractive instrument that is part of a larger number of Belgian companies' market development strategies. To that end, it is essential that regional exports promotion bodies and Embassies take part to the promotion of the instrument.

C2.2 The effectiveness of FINEXPO is limited by the effectiveness of the projects

R2.2. Accumulating experience and knowledge at the Committee level is only important if its members can compare and chose between competing projects. In order to improve the accuracy of the Committee's decisions and thus to raise the effectiveness of the instrument, FINEXPO's Committee should obtain more feedback from the field.

C2.3 FINEXPO's effectiveness is limited by budget constraints

R2.3. The above recommendations would raise management costs. The commitment budget for interest subsidy as well as for State-to-State loans is considered as an important constraint limiting the effects of the programme. However, despite recent progress, the average rate of actual commitment of for this part of the budget is relatively low (61% for the interest subsidy) since some of the projects are never implemented. Parts of the budget that are unlikely to be disbursed at year-end should be used for analytical work such as feasibility studies, and monitoring and evaluation. Funds from the Study fund and BIO should also be solicited for that purpose. Field visits by members of the Committee also deserve more resources from that budget. These visits could play an important role at three levels: a) improving the awareness of the members of the Committee about the effects of the financed projects; b) improving the dialogue with local authorities, especially in countries where Belgian cooperation is not active; and c) improving the visibility of the FINEXPO instrument.

Acronyms

AAA:	Accra Agenda for Action
ADB:	Asian Development Bank
APEC:	Asia Pacific Economic Cooperation
ASEAN:	Association of South East Asian Nation
AWEX:	Agence Wallonne à l'Exportation et aux Investissements Etrangers
BEU:	Biomedical Engineering Unit
BIO:	Belgian Investment Company for developing countries
BSF:	Belgian Survival Fund
BTC:	Belgian Technical Cooperation
CARI:	Contracto de Ajuste Recíproco de Intereses
CIRR:	Commercial Interest Reference Rate
CRS:	Creditor Reporting System
CSER:	Corporation Social and Environmental Responsibility
DAC:	Development Assistance Committee
DFID:	Department For International Development
DGDC:	Directorate General for Development Cooperation
DGTPE:	Directorate General for Treasury and Economic Policy
DRC:	Democratic Republic of Congo
EC:	European Commission
EIA:	Environmental Impact Assessment
EPA:	Economic Partnership Agreement
EQ:	Evaluative Question
EU:	European Union
EVN:	Electricity Company of Vietnam
FAD:	Development Assistance Fund
FEWACCI:	Federation of West African Chambers of Commerce
FIT:	Flanders Investment and Trade
FPS:	Federal Public Service
FSE:	Finance and Service Export
GDP:	Gross Domestic Product
G-HAP:	Ghana Harmonization Action Plan
G-JAS:	Ghana Joint Assistance Strategy
GNCCI:	Ghana National Chamber of Commerce and Industry
GNP:	Gross National Product
GoG:	Government of Ghana
GPRS:	Growth and Poverty Reduction Strategy
GWCL:	Ghana Water Company
HCMC:	Ho Chi Min City
HIPC:	Highly Indebted Poor Country
ICP:	Indicative Country Programme
ICT:	Information and Communication Technology
IDA:	International Development Association
ILO:	International Labour Organisation
IMF:	International Monetary Fund
KfW:	Kreditanstalt für die Wiederaufbau
KLERP:	Korle Lagoon Ecological Restoration Project
LDC:	Least Developed Country
LIC:	Low Income Country
LRTA:	Light Rail Transit Authority

M&E:	Monitoring and Evaluation
MASP:	Multi-annual Strategy Programme
MDA:	Ministries, Department, Agencies
MDBS:	Multi Donor Budget Support
MDG:	Millennium Development Goal
MFP:	Ministry of Finance and Economic Planning
MMT:	Metro Mass Transit Limited
MoF:	Ministry of Finance
MoU:	Memorandum of Understanding
MPI:	Ministry of Planning and Investment
MTDP:	Medium Term Development Plan
MWWH:	Ministry of Water resources Works and Housing
NDP:	National Development Plan
NGO:	Non-Governmental Organisation
NHIS:	National Health Interview Survey
O&M:	Operation and Maintenance
ODA:	Official Development Aid
ODP:	Out Patient Department
OECD:	Organisation for Economic Cooperation and Development
ONDD:	National Delcredere Office
PC:	Power Company
PMU:	Project Management Unit
RPE:	Réserve Pays Emergents
SEDP:	Socio Economic Development Plan
SME:	Small and Medium Enterprises
TC:	Technical Cooperation
ToR:	Terms of Reference
VCC:	Vietnam National Consultant Cooperation
WTO:	World Trade Organisation

1. MANDATE

1.1. FINEXPO : development assistance and promotion of foreign trade

1.1.1. Rationale

FINEXPO is a federal instrument which aims at providing advice and financial assistance to Belgian companies to **export capital goods and services**.

FINEXPO is an interdepartmental committee that was created in May 1997 (Royal Decree, May 30) following the merger of two independent committees:

- **Copromex**, attached to the Ministry of Foreign affairs, Foreign trade and Development assistance, responsible for promoting exports by examining the requests for interest stabilisation and interest subsidies;
- The **Interdepartmental Committee for State-to-State loans**, attached to the Ministry of Finance, which examined the possibilities of granting public support for exports loans.

FINEXPO is a consultative committee. It advises the Minister in charge of foreign trade, and the Ministry of Finance as well as to the council of Ministers with respect to State-to-State loans.

1.1.2. Financial instruments

FINEXPO bases its action on five instruments, among which four are considered as Official Development Assistance (ODA) by the DAC Committee² because of their concessionary nature:

- **Interest stabilisation:** this instrument is of commercial nature only and is thus not subject to evaluation within this study;
- **Interest subsidies:** these subsidies aim at reducing the interest rates of export credits operations, and at ensuring interest rates stability during the repayment term (period) of the loan. The instrument guarantees a 0% interest rate and the repayment delay is calculated so that 35% of the cost of the credit is granted compared to the differentiated discount rate;
- **Interest subsidies with donations:** these subsidies provide a grant on top of an interest subsidy in order to shorten the refunding period and the related Delcredere premium (the risk is higher when the repayment term is longer).

² DCD/DAC(2007)34: Official development assistance includes the financial flows provided by official agencies, including state and local governments, or by their executive to countries and territories listed on the DAC List of ODA Recipients and to multilateral development institutions. These transactions must be:

a) administered with the promotion of the economic development and welfare of developing countries as its main objective; and
 b) concessional in character, i.e. with a grant element of at least 25 % (35% in the case of tied aid), based of a 10% interest rate.

The grant is disbursed at the beginning of the projects. The minimum rate for the concessionary nature of the grants and the subsidies is set at 35% of a given project, and the subsidy must guarantee a 0% interest rate. It is mainly used in countries where the commercial risk is high;

- **Pure donations:** this instrument was first used in 2006 by FINEXPO and consists of a donation of 35% of the amount of a project without interest subsidy disbursed at the beginning of the project. It is used for small projects (maximum contract value of 2 500 000€);
- **State-to-State loans:** are concessional loans provided by the Belgian State. The interest rate ranges from 0 to 2% according to the beneficiary country's GNP, and a 10-year grace period and a 30-year repayment term apply. Following the OECD Agreement, Least Developed Countries (LDCs) are not bound to purchase goods and services in the donor country (Belgium).

1.2. Context of the study

In May 2008, Ministers of Cooperation in donor countries agreed to untie aid in 8 new Highly Indebted Poor Countries (HIPC): Bolivia, Cameroon, Ivory Coast, Ghana, Guyana, Honduras, Nicaragua, and the Republic of Congo. In total, the aid to all the 39 HIPC must be untied, in other words the donors are no longer allowed to condition their aid to the purchase of the goods and/or services in their country.

Prior to implementing this new agreement, Belgium requested a two-year moratorium period to evaluate FINEXPO and assess the relevance and impact of its State-to-State loans and interest subsidies mechanisms. The aim is to ensure adaptation to the current requirements of an effective development assistance promoted by the Paris Declaration and the DAC's work in general.

This evaluation has been conducted in parallel to the comprehensive evaluation of the impact of the 2001 recommendation on untying ODA launched by the DAC³ and published in 2009.

1.3. The evaluation's scope and focus – expectations from the Special Evaluation Service

The objective of the evaluation is formative: the assessment of the relevance and impact of the 4 FINEXPO tools counted as ODA should provide recommendations on how to adapt the instruments to the new standard of ODA effectiveness promoted by the Paris Declaration and the DAC (ToR p.13, 14).

Therefore the study assesses all the projects financed by FINEXPO and counted as ODA, from FINEXPO's creation in 1997 to 2008. This includes State-to-State loans, interest subsidies with or without donations, and pure donations. Special attention is paid to the projects implemented in Ghana – Ghana received the majority of State-to-State loans both in terms of number of projects and total amount- and Vietnam – the country with the highest number of FINEXPO's financed activities over the period considered. The study focuses on the two main rationales of FINEXPO's interventions: development assistance goal, and promotion of foreign trade.

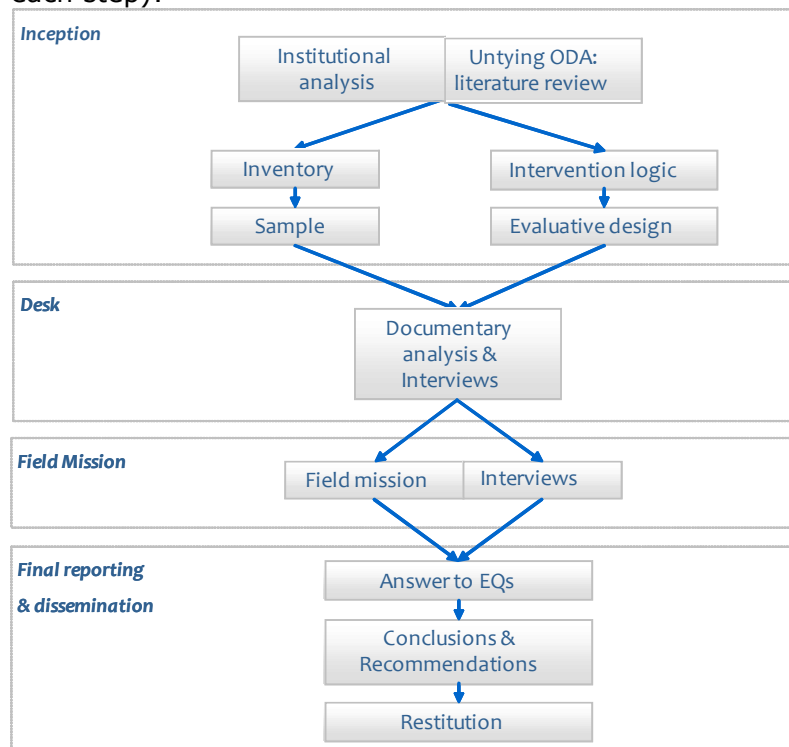
³ The developmental effectiveness of untied aid : Evaluation of the implementation of the Paris Declaration and of the 2001 DAC recommendation on untying ODA to the LDCs, ODI

The formative nature of the study implies analysing the reconstruction of Belgian policies regarding aid and trade, taking into consideration the evolution of Belgian rules and regulations and the international framework. Conclusions and recommendations should align with the main trends in the national and international contexts. A benchmarking exercise of similar tools used by other donor countries further helps us draw lessons for improvement and adaptation (see section 4.8 and appendix 8).

2. METHODOLOGY

2.1. Approach

The methodology proposed was organised as follows (see appendix 2 for a detail presentation of each step):



2.2. Sources of information

The evaluation has been conducted based on three main sources of information:

2.2.1. Documents

The presentation of the international framework is based on a literature review only. It encompasses the agreements made by the DAC, the participants, and the OECD council, OECD database on tied aid as well as a critical literature review.

In order to answer the evaluation questions, the evaluation team had studied the project files at FINEXPO's headquarters in Brussels. The files mainly included documents related to financial transactions between and among FINEXPO, Belgian banks, the Belgian supplier and the client. In a few cases there was also some correspondence between FINEXPO, the Belgian Embassy, and the World Bank for (ODA) advice on certain projects. Copies of contracts and feasibility studies in the files were scarce.

All the information on the instruments was publicly available (reports, documents and websites), therefore the literature review provided all the necessary information and interviews were not necessary. Only in the case of the Netherlands' new ORIO programme use has been made of an interview with the implementing agencies and with the Dutch Embassy in Accra since the programme is not fully operative yet.

2.2.2. Interviews

Two series of interviews have been conducted. The first one has been conducted with the members of FINEXPO's committee in order to define the expectations for the evaluation, the intervention logic and for a first glance at the mode of operation.

The second one has been conducted with a selected sample of the Belgian companies that benefited from FINEXPO's aid (see appendix 4 for the selection process). These interviews were conducted based on a common questionnaire presented in appendix 5. No less than 37 questions were listed and communicated ahead of the interviews. This exercise aimed less at going through each and every one of the 37 questions, than at highlighting a restricted number of points of attention to be discussed during the interview, leaving room for the interviewees to come up with their own observations and remarks.

2.2.3. Field mission

Finally, information has been gathered during a field mission conducted in Ghana and Vietnam in January. Each field mission was led by an International expert supported by a local consultant.

The evaluation team had recourse to the following tools during the field studies:

- Semi-structured interviews (based on standardised checklists elaborated for interviews) with Belgian companies representatives, beneficiary ministries, regional foreign trade institutions etc. (see list of persons interviewed in appendix 10) ;
- "In situ" inspections on (visual) operations and maintenance of works, supplies or services. These controls provide information about outputs and – at least partially- about outcomes.
- Collection of secondary materials (documentation). For each individual project, a standardised registration form has been used.

2.3. Limits

2.3.1. An instrument with two objectives and without a specific intervention logic

FINEXPO pursues two objectives – the promotion of foreign trade and development assistance – with two different target groups – Belgian companies and local institutions in the recipient countries. It is not clear at first sight why the benefits accruing to the former target group would help increase those accruing to the latter group. On the contrary, following these double objectives could lead to conflicting approaches. The main challenge of this study is thus to assess FINEXPO's ability to meet the needs of one target group without affecting the benefits of the other.

Moreover, the selection criteria used by FINEXPO to assess whether a project is relevant for both objectives are not explicit. The limited clarity of these criteria makes it difficult to assess the relevance of a specific project.

2.3.2. Attribution

The main source of information will be the assessment of the projects implemented with FINEXPO's support. However, the amount awarded by FINEXPO covers an average of 35% of the costs of the projects. Therefore, if some effects or evolutions might be pinpointed, the team will not be able to attribute them to FINEXPO per se. At best, the team will determine whether FINEXPO has contributed to these effects and highlight potential evolutions.

Attribution to FINEXPO will be limited to trade effects. Indeed, in many cases Belgian firms compete with others to provide goods or services that would have been provided by others without FINEXPO's aid. In such case, the effect on development of having a Belgian company implementing the project is limited.

2.3.3. Availability and quantity of information

The information relating to a given project is not completely centralised at FINEXPO's secretariat. The documents of the assessments made by the members of the committee are kept by the same members. As stated in section 4.6.1., the files mainly include documents relating to financial transactions between and among FINEXPO, Belgian banks, Belgian suppliers the client, as well as to analytical and qualitative observations. Therefore the construction of the sample of 44 projects did not bring the information expected as the team could not gather a lot more information than the one gathered for the whole portfolio. Nevertheless, the sample review has been helpful for the preparation of the interviews scheduled with Belgian companies that benefit from FINEXPO's support.

None of the projects were subject to formal monitoring. Without monitoring reports on the effects of these projects, the assessment of their effectiveness and impact on development is partial.

Finally, information relating to Belgian beneficiaries has been gathered only from companies who did benefit from FINEXPO's support. The team has no information about the companies that applied for FINEXPO's funding but were never selected. Nor does it have information about the firms who chose not to apply for FINEXPO's support.

3. INTERNATIONAL AND NATIONAL FRAMEWORK

3.1. International agreements

Export financing programmes enable national exporters of capital goods and services, as well as contractors of works, to offer their products or services against either favourable supply conditions or favourable financing options to the buyer, usually implying concessional financing conditions (interest rates, grace periods, repayment periods e.g.). When these transactions are classified as Official Development Assistance, the benefits to the recipient country can be made conditional on the sourcing of products and (financial) services from the country that provides the support (tied aid). Otherwise, conditioning the support to the sourcing of products is forbidden.

Tied ODA is bound by international agreements resulting from the DAC's consultations. The primary objective of the consensus was i) to ensure fair competition based on the quality and prices of the goods and not on the financial terms provided, ii) to eliminate subsidies and trade distortions related to officially supported export credits and, later on, iii) to ensure that international issues such as environment or governance are properly taken into account under this kind of financial support. International concerns about potential trade distorting effects of tying practices and the introduction of regulatory practices to combat these effects have historically focused on aid-in-kind (where goods are purchased in the donor country and which are ready for consumption or use in the recipient country⁴) and on transactions that directly finance imports (DFI, which specify the procurement with aid funds of specific goods and services⁵).

The first agreement, the "Arrangement on export credits benefiting from public support" approved in 1978, sets limits on the terms and conditions of officially supported export credits (e.g. minimum interest rates⁶ to provide official financing support for export credits, risk fees and maximum repayment terms) and on the provision of tied aid. The Arrangement also includes procedures for prior notification, consultation, information exchange and review of both export credit offers that depart from the rules and tied aid offers.

The content of the agreement has evolved over time and incorporates all recent decisions and enhancements agreed by the participants. The last version of the agreement was approved in 2009.

Appendix 6 presents the evolution of the international aid framework.

⁴ Conventionally, a substantial part of bilateral emergency aid / humanitarian relief.

⁵ See for further analysis of the effects of tied aid: Clay, Edward J., Matthew Geddes and Luisa Natali (2009): *Untying Aid: Is it working? An Evaluation of the Implementation of the Paris Declaration and of the 2001 DAC Recommendation of Untying ODA to the LDCs*, Copenhagen.

⁶ Minimum interest rates were presented in a matrix rate as the official lending rate. Matrix rates were calculated based on the weighted average of interest rates of a basket of currencies and valid for a six-month period.

3.2. Observations on tied ODA

The evolution towards an increased recourse to untied aid and towards a tighter legal framework for tied aid is to be assessed with various studies undertaken since the 1980s. These studies highlight the effects of tied ODA and their most significant findings are presented here.

3.2.1. Cost of tied aid for the recipient country

Findings from the studies

Prof. Jepma's study on tied aid⁷ is an important reference on the topic. The Jepma study analyses resources transfer efficiency. One of the study's main findings concerns the cost of tied aid to recipient countries. However, the study's estimation of the costs of tied aid to recipient countries faces the following limitations:

- Weak data availability,
- Existence of informal tying practices,
- Questions on the degree of fungibility.

With these limitations in mind, Prof. Jepma concludes that tied aid leads to overpricing. After excluding indirect costs, tied aid results in an increase of costs of 15 to 30% on average. More recent studies⁸ quantify the costs of tying aid by comparing procurement prices under tied aid to the cost of alternative commercial transactions. They reach the same conclusion: due to tied aid, procurement prices are higher by more than 20% on average. Similar observations are made based on interviews with project managers and on country examples.

According to an evaluation exercise of the developmental effectiveness of untied aid⁹, indirect costs of tied aid should also be added¹⁰:

- Recurrent costs,
- Shipping expenses,
- Delays in delivery,
- Quality of funded goods,
- Environmental impact of some sectoral aid flows such as infrastructure,
- Creation of barriers to access markets (trade distortion),
- Impact on the recipient country's external debt,
- Inefficient allocation of resources following inappropriate or lower priority purchases or selection of projects,
- Lack of ownership, inhibiting partner countries' responsibility in aid supported development, and hampering broader efforts to promote their integration into the global economy.

⁷ C.J. Jepma, The tying of aid, Development Centre Studies, OECD, 1991

⁸ Osei, B, How tied aid affects the cost of aid-funded projects in Ghana, African Economic Research Consortium, 2003, Osei B, The cost of aid tying to Ghana, AERC, 2004, OECD, The developmental effectiveness of food aid. Does tying matter?, 2006

⁹ ODI, Thematic study, The developmental effectiveness of untied aid : evaluation of the implementation of the Paris Declaration and of the 2001 DAC recommendation on untying ODA to the LDCs, Phase one report, 2008 and Draft synthesis of phase 2 report, 2009

¹⁰ Part of these indirect costs is also observed with untied aid.

Direct and indirect costs tend to reduce the potential net benefits of aid. This effect is called the shadow grant element¹¹: ultimately, the value of a tied aid loan is less than its nominal value. Morrissey and White (1996)¹² further find that associated finance reduces the concessionality of aid more than other tied aid credits do.

However, one should note the positive effects of tied aid in the specific case of financial governance. A more recent study shows that tied aid reduces risks of moral hazard¹³ in countries where corruption is high and where funds can be misappropriated away from aid priorities (Amegashie et al. 2007¹⁴). The recourse to tied aid thus reduces the risk that financial support is not used to achieve the agreed objectives. The same study shows that donors reduce the proportion of tied and partially tied aid as governance in a recipient country improves. Multilateral agencies use tied and partially tied aid to control the perverse behaviour of recipients, and reward good behaviour by increasing budgetary support. However this conclusion does not hold for bilateral donors who do not seem to use tied aid to control moral hazard behaviour. This category of donors may as well use it to promote the redistribution of income to special interests in their countries.

FINEXPO's attempt to address these limitations

In theory, FINEXPO considers these indirect costs in the questionnaire it uses to assess the risks of its financed projects:

- The quality of goods and services provided can be assessed based on the technical proposal of the applicant,
- The nature of the tender is known (public or direct negotiation) and pricing studies can be ordered by the Inspector of Finances,
- Information on environmental impact has to be provided, with a full fledged study required in some cases,
- With respect to State-to-State loans, the beneficiary country must demonstrate its commitment in a priority letter from the Ministry of Finance, and the applicant must submit an institutional capacity assessment,
- Relevance for development must also be evidenced even if no specific studies are required.

The team assessed whether these theoretical measures are effectively implemented in chapter 4.

¹¹ Yassin, Aid-tying and the real value of foreign assistance : the case of Sudan, Pakistan Development review, 1991, Osei (2003) op cite, Morrissey and White, Evaluating the concessionality of tied aid, Manchester School of Economic and social studies, 1996

¹² Op cite

¹³ Moral hazard arises in a principal-agent problem, where one party, called an agent, acts on behalf of another party, called the principal. The agent usually has more information about his or her actions or intentions than the principal does, because the principal usually cannot completely monitor the agent. The agent may have an incentive to act inappropriately (from the viewpoint of the principal) if the interests of the agent and the principal are not aligned.

¹⁴ Amegashie, Ouattara, Strobl, Moral Hazard and the composition of transfers: theory with an application to foreign aid, CESifo, 2007

3.2.2. Cost and effects for the donor country

Team assumptions on the cost of tied aid

The specific cost of tied aid for the donor country may be limited when:

- There is a public tender: in that case a client can choose between different offers and strike a balance between quality and price. If a tied aid-supported offer is not the best one according to a client, it will not be selected. There might be trade distortions due to the competition between concessional financial instruments but the risk that the cost of the project is inappropriate is low. An instrument such as FINEXPO can provide a sort of insurance for the project, increase the potential level of a transaction for a small company and support it against tough competitors.
- The country cannot take out commercial loans due to IMF restrictions. In that case an export credit benefiting from public support is compulsory and an instrument such as FINEXPO is thus necessary to enter a market.

The objective of tied aid is to increase trade. **Recent studies showed that the increase of exportations is proportional to the evolution of untied aid:** on the one hand, aid flows are found to have a significant positive impact on exports (Zarin-Nejadan et al 2008¹⁵, Martinez-Zarzoso et al. 2008¹⁶). Effects on employment generation have not been proved: tied aid is not successful in generating substantial employment in the donor country. Financial benefits seem to accrue to particular firms and groups in this country. The impact of tying aid on the balance of payment is negligible. However associated financing¹⁷ seems to have a proportionally more positive impact on the donor's balance of payment. On the other hand, studies on untying aid showed that it has no negative effects on the donor side.

The position of the International Monetary Fund (IMF) and the OECD on tied aid might change. Indeed, according to the latest study on the development effectiveness of aid¹⁸, trade distortion is not induced by tied aid it-self but by aid *per se*. Moreover, the global aid context is changing profoundly. Non-DAC countries such as China and India have a growing role in concessional funding for development. Their funding is often of very large scale, mostly provided as tied concessional loans with little conditionality. It is thus very attractive and affects the comparative strength of bilateral ODA of DAC members.

¹⁵ Zarin-Nejadan, Monteiro and Noormamode, The impact of ODA on donor country exports: some empirical evidence for Switzerland, University of Neuchatel, 2008

¹⁶ Martinez-Zarzoso, Nowak-Lehmann and Klasen, Does German development aid promote German exports, Goettingen: Ibero-America institute of Economic research, 2008

¹⁷ Associated financing is the combination of official development assistance, whether grants or loans, with any other funding to form finance packages. Associated Financing packages are subject to the same criteria of concessionality, developmental relevance and recipient country eligibility as tied aid credits.

¹⁸ The developmental effectiveness of untied aid: evaluation of the implementation of the Paris declaration and of the 2001 DAC recommendation on untying ODA to the LDCs, ODI, 2009

3.2.3. Observations made in the beneficiary country

It is interesting to note that some government officials, notably in Ghana, have a broader personal view on the debate as they account for the risk of having their aid flows decreased as a consequence of untied aid, on the premise that such aid mechanisms do not sufficiently benefit to donor countries' enterprises. *"If Chinese companies end up winning a large part of the bids for goods and works financed by European countries and since Chinese aid is totally tied, the European governments willingness to supply aid to Ghana could decrease, which could impact on the total aid flow to the country. On the other hand, tied aid provided by small countries may lead to insufficient competition between suppliers hence untied aid policies could be practiced among EU countries alone, or on the basis of multilateral reciprocity where untied aid markets would only be open to suppliers from countries which accept themselves to untie their aid"*¹⁹.

This suggests that the debate on tied versus untied aid should not only revolve around aid effectiveness, but should also account for the questions of taxpayers' willingness to finance development aid, should the benefits for the donor country's economy become too low.

3.3. Federal Belgian foreign trade policy

Belgium is a small and open economy in which international trade is of exceptional importance. Belgium is among the foremost trading nations in the world. The export of goods and services accounts for approximately 80 % of its Gross Domestic Product²⁰.

Since the state reform of 1988, foreign trade has been a regional competence. The Institutional Reform Act of August 8th 1988 states that the Regions are responsible for determining international trade and export policy. The three regional organisations in charge of promoting foreign trade were established in the early 1990's. Trade policy is a regional competence which implies that there is - *de jure* - no explicit federal policy for trade and export. *De facto*, Belgium's federal trade policy aligns itself on European policy²¹. Regions then implement trade policy and set their own strategies within that framework.

Belgian trade policy can be summarised as follows²²:

1. As a nation with a long history in international trade, Belgium pursues an "open economy" policy. Trade liberalisation is the first policy. Belgium continuously insists on the elimination of remaining trade barriers, tariff and non-tariff barriers alike. Small and medium-sized companies, large in number, dynamic and innovative, constitute the basis of Belgium's economic life. Inefficient and often unnecessary procedures hamper their trade activity abroad.
2. In line with European policies, Belgium supports the position of developing countries in the global trading system. Belgium contributes to the efforts of the WTO in assisting developing countries to cope with the challenges of globalisation.
3. Consistent with the overarching objective of the Belgian foreign policy is to pursue global sustainable development²³. The website of the Ministry of Foreign Affairs emphasises the all-embracing character of this policy: "[...] *economics, social*

¹⁹ This statement does not reflect the official position of the Government of Ghana but it is interesting since such ideas that Europeans should protect their presence in Africa against competitors playing along other rules, have also been defended by African officials in other contexts. See Evaluation of the French cooperation with Cameroun from 2001 to 2007, SEE, 2009

²⁰ Source: Belgian Export Credit Agency ONDD www.ondd.be

²¹ Source: Interview Ministry of Economic Affairs.

²² Source: World Trade Organization, 1999 and interview Ministry of Economic Affairs.

²³ Source: www.diplomatie.be/en/policy

policy and environmental protection should work together as mutually supporting components in sustainable development". Belgium's trade rules stress the relation with international environmental standards, with food security and quality. Belgian policies are supportive to setting international standards and aim at international supervision on adherence to these standards. Belgium explicitly supports the sustainable development programme of the OECD (2001)²⁴.

4. Belgium fully abides by trade and international labour standards as set by the International Labour Organisation.

In light of an ever-changing national and international context, the Belgian government considers certain countries and/or regions as priority partners for strengthening relations and economic networks, in partnership with the Regions and FPS Foreign Affairs, Foreign Trade and Development Cooperation. In practice, however these "priority countries" are explicitly favoured in terms of development cooperation only. There are no priority sectors or priority countries for trade and export identified at federal level²⁵.

The sectors supported by FINEXPO are not identified by neither the FPS Foreign Affairs nor the FPS Economic Affairs, but by the Arrangements of the OECD. Under the latter Arrangement, only a few sectors are eligible such as water, transport of persons, rural electrification, rural telephone (only under strict conditions), and capacity building.

In day-to-day practice, Belgian trade policy is fully consistent with European policies, based on a liberal view of international trade relations. One of these policies is to support the position of developing countries within the global system.

3.4. Federal Belgian aid policy

The broad objectives of Belgium's international development cooperation are set in the Law on Belgian international cooperation of May, 25th, 1999²⁶.

The Law describes Belgian ODA as "the total effort of various Belgian – both federal and decentralised- governmental levels in the area of development assistance, recognised as such by the DAC of the OECD".

In paragraph 10, the Law emphasises the importance of sustainable development as a guiding principle and defines the concept²⁷, while paragraph 11 focuses on the active participation by all sectors in society, not restricting the activities to the public sector, but involving explicitly the private sector and civil society²⁸.

In title III, art 3, the Law specifies the objectives of the Belgian international development cooperation:

²⁴ Source: www.oecd.org

²⁵ Source: Interview Ministry of Economic Affairs.

²⁶ In Dutch: 25 mei 1999: "Wet betreffende de Belgische internationale samenwerking"

²⁷ Use has been made of the international definition on sustainable development: "ontwikkeling, gericht op de bevrediging van de actuele behoeften, zonder de behoeften van de komende generaties in gevaar te brengen, en waarvan de verwezenlijking een veranderingsproces vergt waarbij de aanwending van de hulpbronnen, de bestemming van de investeringen, de gerichtheid van de technologische ontwikkeling en de institutionele structuren worden afgestemd op zowel toekomstige als huidige behoeften".

²⁸ Referred to as Partnership, with specific attention to local capacities, decentralisation, and ownership of the recipient partner, with involvement of the civil society and the private sector.

The overall objective of the Belgian development cooperation is the sustainable human development, to be reached through poverty alleviation, based on the concept of partnership by taking into consideration the criteria of development relevance.

These criteria for development relevance are defined in Title III, Art.4:

- Strengthening of the institutional and managerial capacity;
- Economic and social impact;
- Technical and economic viability;
- Efficiency of the implementation procedure (operational efficiency);
- Attention to gender equality;
- Respect of the environment.

Belgium's international cooperation contributes to these overall objectives by strengthening democracy and the rule of law including the principles of good governance and respect for human dignity, human rights and fundamental freedoms, with a particular focus on fighting any form of discrimination based on social, ethnic or religious grounds, philosophy of life or gender.

Subsequently, article 7 outlines the concentration of the Belgian development cooperation into five sectors:

- Primary health care, including reproductive health care;
- Education and vocational training;
- Agriculture and food security;
- Basic infrastructure;
- Conflict prevention and construction of civil society, including the support for human dignity, human rights, and basic freedoms.

In addition, there are five cross-cutting sectors:

- Gender equality;
- Environment;
- Social economy;
- Children rights since 2005;
- HIV and AIDS since March 2006.

The law of May 1999 is about to be changed. However, as the scope of the evaluation is limited to 2008, the evolution of the law will not be taken into account in the assessment.

In the 1999 Law, the relation between "trade" and "aid" is mainly articulated in terms of pre-conditions. Since 2004, Belgium has formulated more precisely the role of the private sector in the development process. In the policy note "Private sector against poverty and for Development" (April 2004)²⁹, the private sector is made pivotal in the development process. According to the policy note, the role of the public sector is to establish an "enabling environment" for private sector development. A particular role is set aside for small and medium enterprises, which are seen as the dynamic motor of any economy. Belgian official support to the private sector in the context of development assistance should take into consideration the following criteria:

²⁹ Beleidsnota "Ondernemen tegen Armoede en voor Ontwikkeling" (Minister Marc Verwilghen - April 2004)

- Development relevance, as defined by the OECD, taking into consideration the international agreements on labour as defined by the International Labour Organisation (ILO);
- Transparency and support mechanisms subject to control and monitoring;
- Pursuing the principle of untying aid;
- Additionality: interventions should be additional to market mechanisms and should not replace them. Interventions should be conform to the market and should abstain from false competition;
- Sustainability in the sense of permanent positive results;
- Complementary and synergy with other channels of support and stakeholders, such as multinationals and development banks.

At the WTO meeting in Hong Kong in 2005, the European Union indicated it was making operational the European "Aid for Trade-Strategy". With the ongoing negotiations regarding the Economic Partnership Agreements (EPAs) (five of the EPAs are signed with priority countries of the Belgian development cooperation), the Belgian Ministry of Foreign Affairs has elaborated its own Aid for Trade strategy in 2008³⁰. Important components of the strategy reveal the search for strengthened coordination among donors and financial institutions, enhanced support to governments in developing countries, and support to capacity building of small farmers in developing countries. The importance of trade has also been emphasised in the General policy note of 2008: the stimulation of the private sector, in coherence and complementarity with the actions of other actors, is one of the necessary interventions that ensure economic growth and improve living conditions.

3.5. FINEXPO intervention logic

FINEXPO is a public financial instrument expected to contribute to Development aid and export promotion. Assessing the relevance and the effectiveness of FINEXPO can therefore hardly be done without referring to the policy framework in these two fields.

However, due to the institutional evolution of Belgium, export promotion is now a regional responsibility and, as mentioned above, no recent explicit policy framework has been formulated at the federal level. Moreover, FINEXPO is not bound to comply with the above described federal development aid policy.

Finally, FINEXPO lacks any type of strategy paper or policy statement that would help map an "objective tree" which, in turn, could be used as a basis for evaluating the instrument.

In order to have a basis for evaluation, the evaluation team constructed an intervention logic based on documents analysis and interviews, presented it in the inception report and discussed this proposal with the Steering Group. The proposed intervention logic is presented in the next page.

³⁰ Source: http://diplomatie.belgium.be/fr/binaries/strategie_belge_aide_au_commerce_tcm313-65234.pdf

3.6. Belgian untied aid evolution

Belgium is among the first donors that have been following the evolution of untying aid. According to successive OECD progress reports on the topic, the evolution of untying aid in Belgium against all donors of the OECD is as follows:

Table 1: Bilateral LCD ODA untying ratio

	2000	2001	2002	2003	2004	2005	2006	2007
Belgium	0,857	0,49	0,97	0,99	0,99	0,99	0,97	0,99
All donors	0,509	0,53	0,60	0,70	0,68	0,76	0,85	0,87

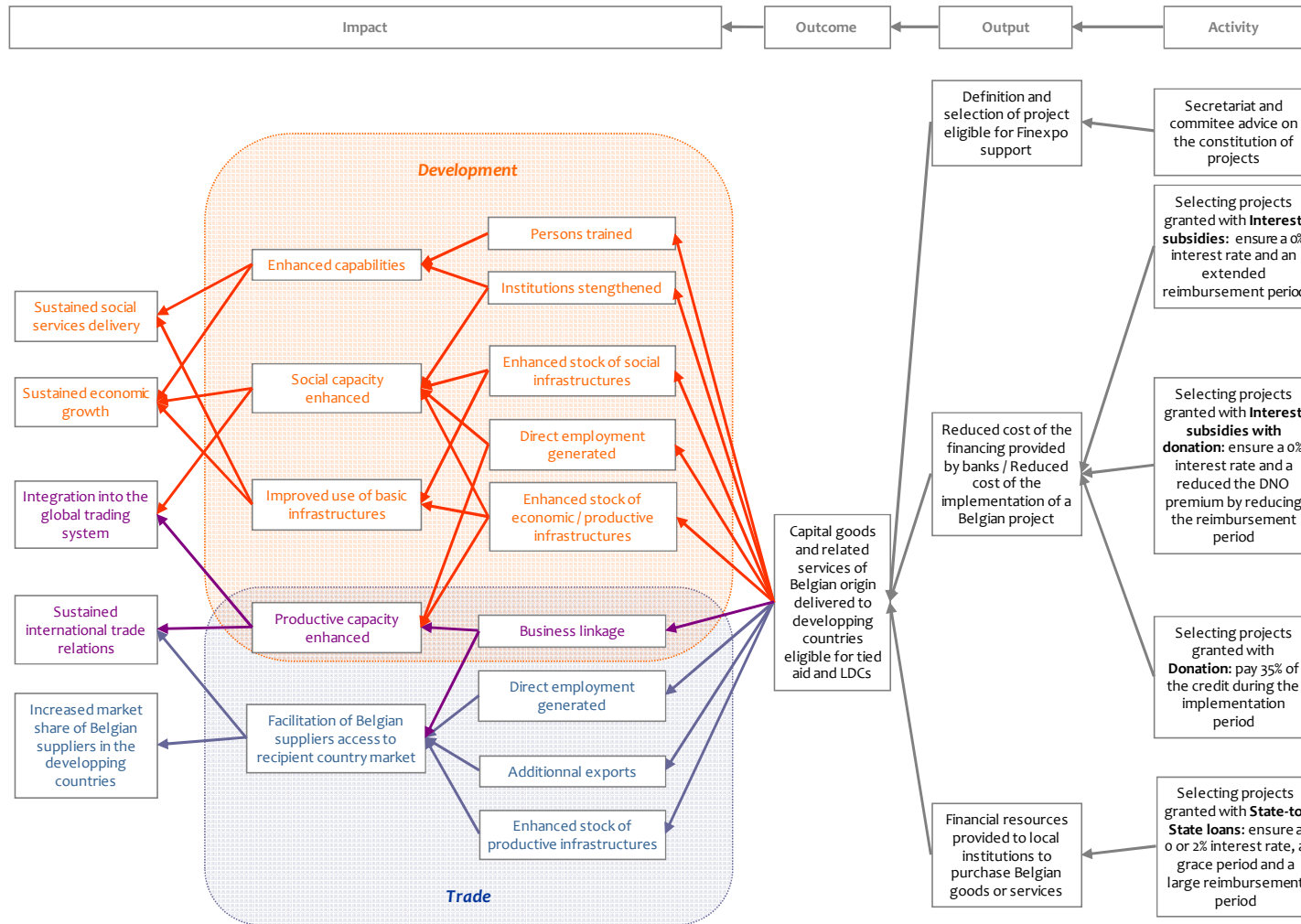
Sources: CRS database OECD in *Implementing the 2001 DAC Recommendation*, Progress reports 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009

Table 2: Creditor Reporting System (CRS) and DAC aggregate data coverage of tying status in 2006

	CRS Bilateral ODA (M US\$)	CRS Bilateral ODA share of DAC bilateral ODA (%)	Reporting of tying status in the CRS as a share of DAC bilateral ODA	Reporting rate for DAC bilateral ODA excluding TC and administration costs
Belgium	1545	100	100	100
All donors	95247	96	89	79,5

Source: CRS database, OEC in *The developmental effectiveness of untied aid, phase one report*, ODI, October 2008

Reconstructed intervention logic



4. FINDINGS

4.1. Relevance

The assessment of relevance is divided in 5 questions.

The objective of question 1 is to assess whether the relevance of the project is sought from the beginning of the process in relation with FINEXPO's double goals. This implies that the assessment focuses on the procedures and the means implemented to ensure the selection.

Questions 2 and 3 follow the same objective as question 1 but are more specific on two aspects deemed relevant to development, with question 2 – about environmental sustainability – being explicitly required by the OECD guidelines.

Questions 4 and 5 assess the relevance of the projects themselves. The question is not "how did FINEXPO assess relevance" but "Are the project really relevant?" therefore the assessment does not focus on the procedures but on the interventions. Since the evaluation team is not in a position to directly assess the relevance of the projects, indirect criteria have been used in order to answer this set of questions.

4.1.1. Q1. To what extent has relevance been a selection criterion?

Criteria to be met by the funded projects are not explicit and, consequently, are not checked against any stated benchmark

The committee does not base its advice on a specific checklist or list of indicators. In theory³¹ the criteria applied are the followings:

- The national / foreign components of the proposed goods or services;
- The existence of competition by other foreign companies that receive public support (ensuring a "level playing field");
- The average man-hours induced by the project in Belgium;
- The development relevance to the beneficiary country;
- The commercial sustainability of the project;
- The price of the exported goods and services;
- The project should be a priority to the authorities of the receiving country;
- The necessary local competences are available (or delivered) for using the equipment supplied (training, monitoring, maintenance, spare parts);
- The environmental impact;

³¹ Source : FINEXPO presentation's documents

- The debt level of the country and its ability to repay the loan;
- The funds available in FINEXPO's portfolio.

None of these criteria are precisely defined with indicators or thresholds.

All the companies wishing to receive some support from FINEXPO must fill in a common questionnaire. The questionnaires require giving information on 7 of the 11 above-listed criteria. Applying companies must assess the economic impact of the project for Belgium, and the foreign component of the project. They must provide information on employment generation (this criterion has been removed from the recent version of the questionnaire), on the project's impact on the environment, on the potential development benefits within the beneficiary country including an institutional capacity assessment. The companies should also submit a detailed cost analysis.

Considerations of relevance to the development of recipient country are hardly substantiated in the answers provided by the applying companies in the questionnaire

In practice, companies provide general information on these criteria. The files do not provide evidence of specific or in-depth assessment. Nor do they evidence the existence of analyses carried out by FINEXPO or the companies to verify the general information provided. Only 5 files out of the total 108 files reviewed contain a specific context study (4 interest subsidies and 1 grant) and only 3 files explicitly mention the national strategy (2 State-to-State loans and 1 interest subsidies). None of the files reviewed refers to issues of governance in the recipient country or to Belgium's development strategy.

With respect to relevance for environmentally **sustainable development**, 29 files provide an environmental study. Among these, 18 were prepared by the applicant him/herself. There is no explicit requirement for the environmental impact assessment to be conducted by an external agent.

Comments collected about relevance for development are supportive but they are not systematic and don't rely on formal assessments

Issues of sustainability of the interventions within the beneficiary country were considered in two third of the files reviewed. Belgian Embassies in the recipient countries (44 observations), the World Bank or other international banks (30), and the FPS Foreign trade administration (16) made such considerations. Inputs were also provided by the BTC, the EC, and the OECD.

65% of the 63 State-to-State loans (75% of untied ones) and 46% of the interest subsidies received comments. 87.5% of these observations were positive. However, the advice seems to be based on the interlocutors' opinion rather than on a formal or systematic analysis. Indeed the recommendations do not refer to Belgian or local strategies or priorities and the files do not provide evidence that a formal analysis has been conducted.

Fifty seven percent of the files include observations regarding the institutional capacity of the recipient. Sixty one percent of these observations were made by the beneficiary companies. The other observations were made by the World Bank and, in a few cases, by the Belgian Embassy, the DGDC or FINEXPO. Fifteen out of 25 recommendations were positive (12 were negatives, 2 projects received two comments) and three projects received more negative observations at the moment of the decision:

- Dredging the river Pasig, Philippines, Interest subsidy (the Embassy agreed on relevance but according to the World Bank it was not a priority);
- Support of a clinic in Mongolia, State-to-State loan (requirement for other feasible alternatives by the World Bank);
- Supply and installation of surveillance systems at the port of Douala, Cameroon, State-to-State loan (the Embassy agreed on relevance but

according to the World Bank, dredging and rehabilitation were more important).

A negative observation at the moment of the decision does not mean that the situation had not change once the project had been launched; as a matter of fact FINEXPO received positive feedbacks once these projects were implemented).

Other development banks' interventions in a given country (sector concerned by the project e.g.) can also be used as proxies for the relevance of the projects funded. Such proxies are used in 35% of the files.

Companies provide information regarding the potential economic impact for Belgium...

Regarding the relevance to the **Belgian economy**, 97 of the 108 files reviewed provide information on the share of the foreign component necessary for the implementation of the projects; 54 files provide information on the total employment generation expected. The commercial and economic internal rates of return are neither calculated nor presented in the files.

None of the files contained specific evidence regarding the company's assessment of relevance to the Belgian economy, for example through an independently conducted quantitative study.

Comments collected about relevance for the Belgian economy are supportive

39% of the files inspected received a specific remark on the economic impact of the project for the company or the Belgium economy. These observations were made by the Belgian Embassy in the recipient country, or by the FPS Foreign Affairs administration for 42% of the State-to-State loans and 35% of the interest subsidies. 88% of these observations were positive but 5 projects received contradictory comments:

- Dredging of the ports of El Bluff and Corinto, Nicaragua, Interest subsidy
- Construction of a bus station Half-way-tree in Kingston, Jamaica, Interest subsidy
- Delivery of 30 buses, Jamaica, Interest subsidy
- Supply and installation of electronic and telecommunication systems in the office of the parliament, Ghana, Interest subsidy
- Delivery and assembly of a power injector for the Sanga hydroelectric station, DRC, State-to-State loan.

The assessment of the relevance for foreign trade and Belgian economy is carried out by the members of the committee. These assessments are made without any predetermined methodology, neither are they assessed against a pre-defined national trade strategy.

- The SPF of Economics Affairs is in charge of the analysis of the impact on the Belgian economy. The ministry assesses the company's export strategy over time by means of bi-annual visits to the companies. Informally the two key judgment criteria are: (i) the knowledge base: the extent to which Research and Development are Belgium-based, and (ii) the confidence in the internationalisation strategy of the company concerned. Explicit criteria - such as the Belgian ownership of the company (considered as not relevant in an open economy), the relative priority of the sector in the Belgian economy (no priorities have been set), the positive effect on Belgium's trade balance (no relative assessment of export earnings), the absolute level of employment generated in the Belgian economy (the criterion has been eliminated from the questionnaire), an explicit minimum percentage of products of Belgian origin (no minimum percentage set)- are not used to support the ministry's judgment.

- The ONDD, member of the FINEXPO committee, is in charge of performing the risk analysis of the recipient organisation or the company (company underwriting). FINEXPO's secretariat does not keep track of these assessments in an organised way.

At the proposal / request stage, the question of the projects' relevance to the policies of priority in the recipient countries is not explicitly tested. However, in most cases decisions of the Committee about development relevance are unanimous. It is assumed that if a recipient asks for a particular good or service, this is relevant by definition. There is no standard definition of the contribution of the local counterpart to the project formulation. There is no systematic check against the national development plan, the poverty reduction strategy paper or sector development plans. The main evaluation of the relevance for development is based on communications with the embassies and the World Bank. The advices seem to be based on the interlocutors' opinion and not on a formal analysis.

There is no standing national policy on foreign trade, so there is no benchmark to judge whether transactions are relevant to Belgium's trade policy. The assessment of the relevance for the Belgian economy is being made by the Ministry for Economic Affairs, and is mainly based on subjective criteria of "knowledge of the firm". In most cases, the commercial³² and the financial internal rates of return are not calculated. The ONDD is in charge of the risk analysis of the recipient institution and of the beneficiary company. On this criterion too, decisions of the Committee were generally unanimous.

Therefore one can affirm that relevance for trade or for development is not a selection criterion as the key concepts have not been translated into an operational definition with indicators or criteria.

4.1.2. Q2. To what extent has the potential sustainability of the projects been taken into account?

The potential sustainability is mainly addressed in terms of technical sustainability

With respect to the **potential sustainability** of the projects, 56% of the questionnaires provide a "technical capacity" assessment. The client's assessment is usually restricted to the necessary capacity to implement the project. Issues such as the stability of the beneficiary institution or the political sustainability in the country are either not or very briefly addressed. Only 3 projects received a comment from the committee on this matter:

- Delivery of buses, Ghana: the committee required an institutional assessment on the client, Metro Mass Transit;
- Rehabilitation of the optical virtual network, Ivory Coast: the committee required more information on the political stability in the country;
- Rehabilitation of Manila subway phase II, Philippines: the committee required more information on the relation with one of the local partners, the Light Rail Transit Authority (LRTA).

³² CIRRs are calculated by adding an agreed margin (100 basis points or more) to the average yield on state bonds in the secondary market in the previous month. CIRRs are valid from the 15th of each month to the 14th of the following month.

The observations on potential technical sustainability are complemented by the foreseeing of capacity development activities for the recipient with, for example, training sessions for local staff (the training is limited to the use of the equipment delivered). In almost all cases "capacity development" is understood as "strengthening human capabilities in technical aspects". For 2 projects (Telecommunications in Tanzania and Water supply in Sudan), the committee required to increase the part of maintenance and training. The trainings are never concerned with institutional aspects.

Furthermore, in 3 cases, the beneficiary company received a request from FINEXPO to adapt its technology to the local context:

- Centre of Hospital Waste (delivery of a furnace for hospital waste incineration), Vietnam, 2004,
- CLIP (Clinical Laboratory Improvement Project: supply of laboratory equipment to health centres) II, Ghana, 2008,
- Rehabilitation, renovation, and construction of the Khanh Hoa Polyclinic, Vietnam, 2001.

The political sustainability is partly assessed by the ONDD, as, as quoted in section 4.1.1., the ONDD is in charge of the risk analysis of the recipient organisation.

The projects are supported by the beneficiaries but local counterparts' involvement in the design of the projects is not always clear

The existence (or absence) of a **local counterpart is never stated in the files** except for three projects implemented by a SME (2 projects in Ghana and one in Mongolia). However, based on the interviews conducted with representatives of the beneficiary companies, most projects are implemented with a clearly identified local counterpart.

Locals' actual involvement in the design of the project depends on the project but it is strong during the implementation stage. In Vietnam for example, if the involvement of the People Committee or other "clients" is clear during the implementation of the project, the degree of their involvement in the design is not known. In Ghana, local counterparts' involvement seems stronger. All the projects show strong political willingness of the ministries in charge. Moreover, half of the projects implemented in Ghana show some involvement from the beneficiaries in the design of the project:

- Local populations and the Ghana Water Company Limited (GWCL) were involved in the localisation of the water distribution sites for the Koforidua project (delivery of drinkable water to the population of Koforidua and surrounding areas taken from the Volta Lake).
- The Biomedical Engineering Unit (BEU) from the Ministry of Health said he participated to the selection of the equipment to be purchased for the clinical laboratory improvement project. In that case however, this was not enough to ensure the relevance of the equipment to all health centres. Indeed, according to the head of the BEU, the new decentralised structure of the health system hampered information circulation between local hospitals and the BEU.
- Two companies put forward the bases of their respective projects but subsequently adapted them with the help of the beneficiaries.

For the other projects, as in Vietnam, involvement of the local counterpart seems to be limited to political support and its involvement during the implementation stage.

Exit strategies are not defined but projects are designed to be carried out locally

Exit strategies are not foreseen in the questionnaires; nor were they mentioned during the interviews or the field missions. Please note that the exit strategy criterion is not applicable to projects that are concerned with (one-off) deliveries of goods (delivery a sub-station, buses etc.). It is only relevant for projects that are concerned with technical training.

However, once implemented, the projects are handed over to pre-existing institutions or newly created institutions in charge of their maintenance³³ and their use. Once again attention is mainly paid to the technical sustainability.

No sustainability studies have been carried out once the project implemented

Neither FINEXPO nor the companies conducted an assessment of the potential and actual sustainability of the projects once implemented.

The potential sustainability of a project is mainly analysed in terms of technical sustainability. If the field missions have highlighted the involvement of local partners, strong during the implementation stage, variable during the design one, this issue is not addressed within the questionnaires.

4.1.3. Q3. To what extent has the potential environmental sustainability of the projects been taken into account?

As with other criteria, considerations about the environmental impact of the funded projects are not defined.

The judgements are neither systematic nor pro-active. According to the OECD guidelines, environmental impact assessments are compulsory for specific projects only according to the rules defined by the common approaches. The Delcredere ensures that these rules are followed and is in charge of the necessary analyses. There is no premium to environmentally sound proposals. Twenty nine files included an environmental impact study, 18 elaborated by the applicant company itself; three out of the 79 files that did not include such a study did receive a positive observation from the FPS Foreign Affairs administration, two out of the 29 files that included an environmental study received positive feedbacks from international institutions: the World Bank in one case, the OECD in the other. Note that the observations made by the Belgian embassies vary in length and depth. Virtually none of the opinions are supported by quantifiable evidence.

No ex-post environmental impact assessment has been conducted.

Environmental impact assessments are compulsory for specific projects according to the OECD classification.

Financing proposals are not systematically tested on environmental impacts. When assessments are performed, this is done on an ex ante basis only. Ex post assessments have not been conducted to date.

Environment is not a selection criterion, even if it can be an eligibility criterion when the OECD approach on environment is not respected, neither ex ante, nor ex post as there is no premium to environmentally sound proposals (for example renewable energy projects).

³³ All projects include technical training for basic maintenance

4.1.4. Q4. To what extent are the projects relevant for development?

According to the committee the projects are relevant for development

The committee's advices on the selected files are in most cases unanimously positive. Only 4 projects were implemented without a unanimous decision, 2 of them concerning development considerations:

- Rural telecommunication in Malawi: the minutes of the committee do not detail the reason of the objection.
- Telecommunication in Tanzania because the project might be used for military purposes.

The projects are supported by strong political will and are aligned on the national strategies but the local counterparts' involvement in the design of the projects is not always clear

The local counterpart's involvement is strong, at least during the implementation stage (see section 4.1.2).

The fact that national development strategies are taken into account is not explicit; only 5 files out of 108 contain a specific context study (4 interest subsidies and 1 grant) and 3 specifically refer to the national strategy (2 State-to-State loans and 1 interest subsidy). The files do not assess the local institutional environment either. Comments on such matters by the World Bank or the embassies are uncommon and not developed. The water supply case in Sudan reveals some of the weaknesses resulting from the committee's quasi absence of institutional assessment.

However, the political support from both the Ministry of Economy and Planning in Ghana and the Ministry of Finance in Vietnam can be seen as a proxy for the relevance of the projects. Most projects are relevant in general terms since the projects' goals address real needs or clearly fit with national policies.

All projects met the priorities of the Vietnamese Government at the national, provincial and municipality levels and they addressed local needs.

- The mobile substations for electricity meet the needs of the rural population for electricity. Indeed, electricity supplied to the population is generated by hydro-electrical plants (37%), gas power (39%), and coal/oil (24%)³⁴. Regular shortfalls of water explain why, at times, hydro-electric plants cannot produce sufficient energy.
- The cyclotron for the production of radio-isotopes delivered in Hanoi is an adequate answer to the high need for cancer treatment. Since the Freedom Fight in the 1970s, agent orange diseases and similar ailments ("modern diseases") have increasingly been affecting the population.
- The increased population of the province of Khanh Hoa made it necessary to extend the number of beds of the polyclinic, as well as to extend its services to the public. Beforehand, patients had to be sent for specific treatment either to Ho Chi Minh City or to Hanoi. This caused delays in the treatments and imposed high transportation costs upon the patients.
- Wastes coming from the Ho Chi Minh City hospital were formerly dumped in landfills together with ordinary garbage, causing public health hazard,

³⁴ EIU, Country Profile Vietnam, p 11

particularly for the scavengers. The only way to effectively solve this situation (health and environment) is by treating this kind of waste through an incinerator.

- Waste treatment and pollution are considered as an important issue in Vietnam. The 5 projects related to water evacuation, water treatment, and separation and upgrading of fermentable components target towns affected by a poor environment, detrimental for the health and living conditions of the population. The projects aim at upgrading fermentable components and provide input for the large section of the country's population in need of compost for cultivation purposes.

According to the Ministry of Finance and Economic Planning of Ghana (MFP), FINEXPO projects are a priority for the Government and are in conformity with the Ministries, Development, Agencies (MDA) medium-term programmes.

- The CLIP project was clearly consistent with the national policy and answered to the local needs in terms of security for lab-technicians and energy supply.
- The silting of the Elmina lagoon was literally the bottleneck which gradually suffocated the main traditional economic activity of the city.
- The need for improving water supply to the population of the Koforidua area was clearly identified as a priority: access to clean water was a real constraint to the development of the city. The technical choices made by the company in charge show the concern of the firm to adapt the skills and experience of the GWCL staff³⁵.
- The MMT project (delivery of buses to the city) was a relevant answer to the problem of transport in Accra: transportation in the city is slow and small private buses are neither efficient nor safe but highly polluting.
- The conference equipment of the Parliament of Ghana was over 12 years old; it faced a lot of break down and repairs were difficult to perform because of the poor accessibility to the spare parts. Communications, security surveillance as well as the transcription of the debate were not effective.

The relevance of some projects has nevertheless been weakened by the quality of the feasibility studies. In Ghana, the most striking case is the CLIP project: it seems relevant to contribute to improving the laboratory equipment of decentralised hospitals and health centres; but the national standardised approach, which is providing the same package to all centres, is said not to address local needs. In Vietnam, the issue of the quality of the feasibility studies makes the core of the recriminations from the MOF and the MPI. Along with the Belgian Embassy, these bodies highlight the need for independent prefeasibility study and at a somewhat later stage, an independent feasibility study. The feasibility studies carried out so far provide an overall view of the "interest" of the project, both in terms of technical requirements for the country and in terms of the extent to which it fits with the FINEXPO financial subsidy program. They do not provide in depth analysis of the proposal which would allow for a well documented assessment of the relevance from different points of view: FINEXPO's rules, local needs, and national strategies e.g.

³⁵ See Libost Groep report op.cit. pp 11 to 19

The projects are relevant for development purposes in that they answer local needs and demand. They target at least two of the expected outputs defined within the intervention logic (see appendix 2): enhanced stock of social infrastructure and improved use of basic infrastructures. However their relevance can be affected by the quality of the feasibility studies.

4.1.5. Q5. To what extent are the projects relevant to promote Belgian exports?

FINEXPO has no framework to guide the selection process of the projects

Only 4 projects were implemented without a **unanimous decision**, 3 due to trade considerations. However, as noted in section 4.1.1., FINEXPO keeps track of the positions of the members of the committee but not of the arguments and evidences provided to justify these positions. The team is not in a position to assess whether the assessment is formal or not.

The calculation of the **commercial profitability** relies mainly on OECD observations. Indeed, all the approved projects are notified to the OECD. When a project is notified, the participants can contest the project on the basis of the concessionality or of the commercial profitability. The profitability analysis is therefore not automatic but only compulsory if any participant expresses doubts. If the project is not contested it does not have to prove its commercial non-viability. As a consequence, neither the companies nor FINEXPO formally assess commercial viability. They only base their assessment on the sector and nature of the interventions. Only two projects FINEXPO were rejected by the arrangement's participants and one (Telecommunication system in the office of the Parliament, Ghana, Siemens) had to demonstrate how it met the OECD criteria.

The assessment of the importance of the project for **the Belgian economy** is performed by the SPF for Economic Affairs. This assessment is made without any predetermined methodology, neither is it performed against a pre-defined national trade strategy. There is no operational description of what should be considered as "export and trade interest". The Federal Ministry of Economic Affairs evaluates the proposals against their potential contribution to research and development in Belgium. Although in most cases an assessment is made of the contribution of a project in terms of man-hours generated in Belgium, there are no thresholds or standards in that respect. Definition -or minimum standard- of what should be considered as "products of Belgian origin" does not exist.

Companies provide information on the **Belgian sub-contractors** they intend to hire and the expected man-hours to be created (this information has now been removed from the questionnaire). All the projects were implemented with the support of Belgian and foreign subcontractors. Ninety seven files provide the expected share of the foreign component for the implementation of the projects. The average share is 22% of foreign component, the highest being 60% (Telecommunication in Tanzania) and the lowest 2%. At least 66 projects out of 108 needed support from Belgian sub-contractors. Fifty four files provide information on the total employment generation expected. The average expected amount is 105,444 hours per year, the maximum being 414,000 hours per year (rehabilitation of the electric network in Ecuador) and the minimum 2,825 (rural telecommunications in Malawi).

The absence of a federal export promotion strategy and of identified criteria allowing for assessing the relevance of the projects leads the consultants to assess the relevance of the projects mainly on the basis of what would be acceptable for the OECD.

According to the very broad definition of what would be acceptable for FINEXPO from an export promotion point of view, most projects can be considered as relevant since they include some added value in Belgium. To what extent does this added value justify the amount of taxpayers' money dedicated to support the project is not clear. It is probably justified more from the potential developments of the company in this market than from the amount of work conducted by Belgium-based workers for the project itself. Commercial developments are difficult to assess ex ante but no effort has been made so far to identify the most positive experiences in order to narrow the relevance criteria from an export promotion point of view.

4.2. Knowledge development

Question 6 assesses whether the selection process is also based on lessons learnt from the past experience. The question addresses the means available to FINEXPO to include and share information on previous projects to improve the selection and effectiveness of new interventions.

4.2.1. Q6. To what extent has a monitoring and evaluation mechanism been implemented?

Some projects were assessed but no formal and standard monitoring and evaluation mechanism is implemented

FINEXPO has no pre-determined budget for monitoring and evaluation, except for States-to-States loans. In the case of State-to-State loans, *ad hoc* budget can be made available from the basic allowance for financing services and miscellaneous expenses for pricing studies and monitoring required by the Inspector of Finance. The use of the allowances is planned every year according to price surveys and evaluation organised by FINEXPO. Pricing studies and monitoring reports are decided by the Inspector of Finance and conducted by the BTC within a framework agreement. There is no standard procedure for monitoring neither is there a legal obligation to make the instrument FINEXPO subject to regular evaluation (accountability regulations).

No systematic and formal monitoring and evaluation mechanism have been implemented even in case of **repeated request**. As a matter of fact, information the implementation of a project has only been asked in 5 cases of repeated requests. This information has been provided for the 5 projects but in a somewhat informal manner. In many cases, a new phase of a project has been approved without information about the performance of the previous one.

20 projects out of 108 were subject to monitoring or an evaluation. This includes a formal monitoring or evaluation reports for 5 State-to-State loans and one interest subsidy as well as activity reports for 2 State-to-State loans and one interest subsidy. In the case of the first CLIP project in Ghana, monitoring and evaluation work was carried out by the BTC, bringing modifications during a second phase of the project. The 11 other cases of monitoring work consisted of informal e-mails from the embassy or the company in charge of the project quoting whether the activities were carried out or not.

According to the interviewed companies, it could be possible to provide follow-up information without increasing the transaction costs provided the reporting format is flexible. Some companies provide this kind of information automatically as a mean of keeping the ministry informed. Moreover some projects (CLIP e.g.) are supposed to send implementation reports and to be subject to independent evaluations according to the BEU.

The need for monitoring and evaluation is especially emphasized in Vietnam. The Ministry of Finance underlines the importance of regular monitoring and evaluation from FINEXPO to solve implementation or operations problems and speed-up the implementation of the project, as well as to identify (technical) problems at the project site. According to the Belgian Embassy in Vietnam such evaluation and monitoring work could also be useful to better appreciate the perception of Belgian industry and potential for future business.

FINEXPO does not invest enough to draw lessons from its already long experience. The only (limited) feedback taken into consideration relates to project implementation problems. Other elements, such as project effectiveness performances of the supported companies beyond the financed project are not formally monitored. These could enhance the knowledge of FINEXPO's committee and hence help it improve the relevance of the selected projects from a developmental as well as from an export promotion point of view. Due to their often long lasting relation with a limited number of companies, Committee members obtain some information but their main sources are the companies themselves. Embassies and Development banks also provide some information, albeit rather informal and influenced by the personal perception of the people in charge.

4.3. Internal coherence

Questions 7 and 8 assess the relation between FINEXPO and the two related Federal Belgian Policies. Question 7 is specific to the coherence between FINEXPO objectives and the Belgian Development policy. This policy has been formalised by three main documents: the law of May 1999, the sectoral and thematic strategies, and the PIC for the partner countries of direct bilateral aid (18 countries since the last reform) According to the evaluation of the law of May 1999, the sectoral and thematic strategies are not well known and used by the stakeholders; therefore the team limited its assessment against the two other formal documents.

As the Belgian foreign trade strategy is not as formalised as the Belgian cooperation policy, the assessment is limited to the perception of the coherence.

4.3.1. Q7. To what extent are the projects coherent with the Belgian development aid policies and programmes?

Although support allocations are registered as ODA, FINEXPO does not aim at explicit match or coherence with Belgium's development aid strategies. FINEXPO is not submitted to the law of May 1999 on Belgian development cooperation. According to an evaluation study of the 1999 law³⁶, the law covers the actions and contributions of the Belgian State for direct / indirect bilateral and multilateral cooperation. It is not concerned with all ODAs as defined by the DAC. Some budget lines that fall within the scope of ODA – including FINEXPO - are not explicitly ruled by this law. This evaluation notes that this peculiarity is seen as a source of ambiguity by some members of the administration. FINEXPO is not defined by a federal strategy, neither in terms of country of intervention (FINEXPO can intervene outside the countries of concentration), nor in terms of sectors.

³⁶ Evaluation of the Law of May 25, 1999 relative to Belgian international cooperation, UCL and KUL, December 2008

The only selective frame applicable to FINEXPO is the one defined by the OECD agreement which is more a regulatory frame (validity criteria) than a strategic one.

If FINEXPO does not seek to achieve Belgian development objectives – only one file³⁷ specifically refers to some complementarity with the federal development interventions – at least in Vietnam, FINEXPO projects are, in fact, aligned with the Belgian cooperation strategy. Over the past 10 years, FINEXPO projects in Vietnam have indeed had a strong focus on priority sectors as identified in the Belgian Indicative Country Programme³⁸. Remarkably, though, there is hardly any coordination (or no coordination at all) between the BTC and FINEXPO with regard to the “FINEXPO projects”, nor are feasibility studies and monitoring and evaluation (M&E) work conducted. At least in the countries where the BTC is active, some interlocutors suggest a higher integration of the FINEXPO program and BTC, so as to make it possible to get BTC support, for a limited period, in the area of operations and maintenance (O&M) for instance.

In countries such as Ghana, where no Indicative Cooperation Programme has been signed since they are not considered as priority countries for the Belgian Cooperation, FINEXPO coherence with Belgian cooperation is not a problem. However, having no cooperation programme with these countries can have a negative impact on coordination, Belgium is often absent from donors coordination forums.

Even if the projects are registered as ODA, FINEXPO is not looking for coherence with Belgium’s development strategies. Indeed, FINEXPO is not ruled by the law of May 1999. In countries with an indicative country programme, projects are in fact coherent with the Belgian cooperation strategy even though no active coordination is sought.

4.3.2. Q8. To what extent are the projects coherent with Belgian foreign trade policies?

As stated in section 3.3, there is no standing official trade policy at the Federal level. Trade strategies are formulated at the regional level. However, on a daily basis, the Belgian trade policy is based on five principles reflecting a liberal view on international trade relations. One of these five principles is enhancing the role of developing countries within the global market. FINEXPO has been designed to contribute to the strengthening of that aspect and is thus fully coherent with this part of the foreign trade position. The four other principles can be considered as pre-conditions to the implementation of FINEXPO activities. Because of this situation there is no benchmark to determine whether transactions are coherent with Belgian policies.

There is no standing national policy on foreign trade and qualitative or quantitative objectives are not defined. FINEXPO does not have the necessary foundation to guide its efforts for its projects.

³⁷ Rehabilitation of the Khanh Koa polyclinic in Vietnam, 2001

³⁸ The ICP wants to contribute to the following major objectives of the SEDP: Sustainable economic growth with improved quality, efficiency and competitiveness coupled with social progress equity; Develop human resources with priority to water resource management and environmental protection, improvement of the health situation and increasing quality of education (italic from evaluators); Promote sustainable development notably through strengthening local institutions; Improve the quality of governance and the public services; Improve basic infrastructure. In addition, the ICP states that it “will build on existing experiences of the Belgium cooperation in Vietnam notably in the areas of *water, sanitation and waste management*, education, administrative reform, institutional support and governance” (italic from evaluators).

4.4. Coordination

When questions 7 and 8 assess the coherence between FINEXPO and two federal policies, questions 9 and 10 assess the coordination between FINEXPO and external strategies that can have an effect on FINEXPO objectives in terms of development (the level of coordination with the main stakeholders in the recipient country – question 9) and trade (the level of coordination with the regions, as trade competency has been regionalised).

4.4.1. Q9. To what extent are the projects coordinated with the local development policies and those promoted by other active donors in a country?

As stated in section 4.1.4, only 3 files specifically refer to the national strategies (2 State-to-State loans and 1 interest subsidy). Observations made by the committee or to the committee (administration, embassies) do not refer to these strategies either. This does not mean that the projects are not in line with national strategies instead it suggests that companies are not considering that justifying this alignment as a priority. In any case, this confirms that the FINEXPO committee does not require any justification from that point of view in the project file.

One of the reasons could be that at least for the State-to-State loans, the Ministry of Finance of the recipient country has to submit a priority letter prior to a project approval. This requirement ensures that a project is officially endorsed. Interest subsidies are not subject to such approaches. No other mechanism is in place to ensure that the project is either relevant to or matches the local strategies.

The field mission in Vietnam and Ghana revealed the alignment of the projects with the national development strategies. In Ghana, FINEXPO projects are in line with the priorities of the Government and are in conformity with the MDA medium-term programmes. According to senior officers at the MEP, the cabinet would not authorise a project that does not fall within the MDA medium-term programme since sector minister must defend each projects in front of the cabinet and the parliament. In some cases the project is subjected to a "Value for Money" analysis carried out by an independent body. In Vietnam the projects are aligned with the national and local strategies.

69 files provide information about the participation of international development banks in the sector of intervention of the project. 55% of these projects intervened in sectors partially covered by the banks. Nevertheless the team does not have sufficient information to assess whether coordination with international banks' sectoral strategies occur. The field missions did not provide evidence of coordination either. On the contrary, as said above, in Ghana for instance, Belgium is considered as not investing enough in coordinating with other donors. For example, the CLIP project was designed without coordinating with Denmark, the lead donor in the sector even though some coordination could have a positive effect on the selection of material to be used. The absence of an Indicative Cooperation Programme may explain this situation as in such countries Belgium is often absent from donors coordination forums.

Projects are aligned on the national development strategies, even if only by necessity. The main buyers are the Ministries of Finance, and the direct beneficiaries are sectoral ministries or public institutions: projects have to be in line with the national strategy. However, the companies that apply for FINEXPO funding do not demonstrate such alignment. In general, there is no contact with other donors active in the same country region or sector, except the personal comments of World Bank staff members. There is not always a need to do so but, in some cases, some deliveries may concern existing sector programmes or coordinated development strategies.

4.4.2. Q10. To what extent are the projects coherent with Belgian regional foreign trade interventions?

The 3 regional trade institutions target SMEs. Because of this very policy and of the scarcity of the budget available, medium and large enterprises find it difficult to receive funding from the regions. The federal level is said to be the only channel to obtain financial support for such companies.

According to the interviews, the companies that received support from FINEXPO did not apply for regional funding mechanism. Between 1997 and 2008, only one project was financed by FINEXPO and at least one region. On the field, the regional foreign trade institutions are not necessarily aware of FINEXPO's interventions. In Vietnam for example, they have few information and are unable to refer to FINEXPO's programmes when Belgian businessmen seek their help in order to export their products and/or services in Vietnam.

Neither do companies attempt to create synergies between the services provided by the regions and FINEXPO. Companies apply for regional support mainly for promotion and prospecting purposes. None of them have applied for regional support in order to prospect new markets where they wanted to intervene later on with FINEXPO support. Nonetheless, in the same country, a good coordination between the three regional offices, i.e. FIT, the AWEX and Brussels Export is observed. The AWEX and Brussels Export call for an enhanced working relationship between the regional trade offices and FINEXPO. This is seen as crucial in order to promote foreign trade for Belgian businesses.

However, coordination takes place at least at the FINEXPO secretariat where the regions can send two representatives each as specified in the royal decrees (May, 30, 1997 and February, 25, 2003). At least the FIT and the AWEX are present at each meeting and have a say in the selection of the projects.

Dividing the target (i.e. with the regions focusing on SMEs and FINEXPO concentrating on the medium and large enterprises) could be seen as a way to ensure complementary approaches. Moreover, the three regions are represented at the FINEXPO committee.

No evidence of contradictions has been highlighted.

Although procedures for coordination are not explicit, usually in one way or another, coordination takes place at least at the FINEXPO Committee. In the field, coordination between the federal and the regional level could improve.

Belgian companies do not try to capitalise potential synergies by having recourse to FINEXPO's services and to the available regional support. However, no sign of contradictions are observed, maybe because the two levels of trade support target different groups of companies.

4.5. Effectiveness

The team differentiates between the effectiveness of the services provided by FINEXPO (question 11) and the effectiveness of the interventions (question 12).

Question 12 assesses the contribution of FINEXPO to the objectives identified in the intervention logic. The team defined judgement criteria and indicators in a way that allows the deepest assessment possible. Indeed, given the dispersion of the projects financed, an impact assessment is not possible. Some effects or evolution might be highlighted but can't be attributed to FINEXPO, especially when the projects are part of a broader programme.

4.5.1. Q11. To what extent are the services provided by FINEXPO effective?

According to the interviewed companies, FINEXPO's service is accessible but insufficiently visible

The services provided by FINEXPO are **easily accessible**. All the companies interviewed underline the availability of the secretariat once they hear about the available instruments. However FINEXPO is **hardly visible for Belgian firms as well as for eligible partner countries**. The companies knew about FINEXPO thanks to direct references by others or by their partner banks. There is no active promotion of the FINEXPO instrument, only exceptionally by FINEXPO or the federations. The number of new applications each year has been stable since 2003 with an average of 12 according to the 2008 FINEXPO annual report. The number of new companies benefiting from FINEXPO's support has not changed over the period either (except in 1998, first full FINEXPO year) with an average of 3 per year.

Table 3: Number of companies benefiting from FINEXPO' support

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Total companies per year	2	8	7	8	8	3	8	5	9	8	9	8
New companies	2	7	4	5	1	1	2	2	4	2	2	2

Source: FINEXPO files

This finding is confirmed by the interviewed members of the regional trade institutions in Vietnam according to whom there is still insufficient information available on FINEXPO's programmes. The latter are hardly known from visiting Belgian entrepreneurs.

The lack of an active promotion can be explained by the limited amount of resources available. Since the project selection process is based on eligibility criteria (and not on tendering processes) FINEXPO's current budget does not allow coping with more requests. There is therefore no real incentive to promote the instrument to a broader public.

FINEXPO services are considered as **effective and of quality**. FINEXPO services are rather easy to use: FINEXPO is not formal in a restrictive or hindering manner, while its small organisational structure allows for good and fast communication. Companies praise the secretariat's helpfulness to complete the questionnaire - they can easily discuss with the secretariat and adapt their project proposals accordingly. According to the companies, discussions regarding the merits and limitations of the instrument and the available budget are transparent and open. Moreover, the pre-selection implemented by the secretariat is highly valued. This mechanism is predictable and allows companies to save time filtering out non eligible projects. Once a project is pre-selected by the secretariat, the concerned company can be confident that its proposal will ultimately be accepted.

FINEXPO support is **additional** in the sense that it provides support to companies that would not have been able to formulate a proposal without FINEXPO. According to the interviewed companies and section 4.7.1, in most cases concessional financing is required, either because of IMF restrictions or because clients' requests during commercial negotiations. Most of them chose not to apply for other financing sources as the risks of seeing their requests rejected are too high.

FINEXPO's services are unequally valued by the recipient states

In Ghana, mixed credit facilities are appreciated because they provide a good balance between borrowing levels and the broader development goals. So are interest subsidies

and /or the insurance underwritten by Belgium on behalf of Ghana. This is especially true when compared to State-to-State loans.

On the other hand, in Vietnam FINEXPO credit facility programmes are seen as not very competitive when compared to other countries with similar programmes. The financial facilities provided by FINEXPO represent 35% of a project which is the minimum threshold for a project to qualify for ODA). But, according to the interviews conducted with the Vietnamese administration, the majority of bilateral donors' programmes amount to at least 40%.

FINEXPO provided support for 108 projects...

Between 1997 and 2008, 108 projects were selected and implemented. FINEXPO does not register the number and origin of the requests presented to the secretariat, neither the reasons for rejection or voluntary withdrawal of requests for support placed by Belgian companies as most of these decisions are taken before the formal presentation of the project to the FINEXPO Committee. These 108 projects can be broken into 63 State-to-State loans and 45 interest relief and grants. Their distribution is as follows:

Table 4: Distribution of FINEXPO's project by instrument

Instrument	Portfolio	%
Interest subsidies (IS)	33	31
Interest subsidies with donation (ISD)	11	9
Donation (D)	1	1
Tied State To State loans (Tied StS)	59	55
Untied State To State loans (Untied StS)	4	4
Total	108	100

Source: FINEXPO files

The geographic distribution of FINEXPO interventions is very broad

Exports are directed to 39 different countries. The average number of interventions in a country is 2.8. Vietnam and Ghana are the countries in which the largest number of projects have been implemented (14 interventions in each country), followed by Algeria (11 interventions) and Jamaica (9 interventions). In these 4 countries, part of the exportations supported by FINEXPO (total amount of the projects) represent 6, 12, 2, and 22% of total Belgian exportations in the country respectively, between 1999 and 2008.

FINEXPO intervenes in four main sectors

FINEXPO mainly supports projects in 4 sectors: transports (provision of buses), communication (radio communication), Water and sanitation, and Energy, the main sectors being public transport (45% of the total amount supported by FINEXPO) and water and sanitation (19%). No clear evolution pattern emerges over time.

Table 5: Distribution of FINEXPO's project and budget by sector

Sector	% files	% bud.	Year of decree												
			1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	
Transport	22	45													
Communication	21	9													
Water	19	19													
Energy	18	10													
Infrastructure	10	10													
Health	7	6													
Education	2	2													
Total	100	100													

Source: FINEXPO files

FINEXPO provides support for small and medium-sized projects implemented by Belgian companies

Supported projects have an average total and project-specific amount of €27 million and €5 million respectively (FINEXPO finances 35% of the latter value). This average is relatively high due to three outliers: two Power stations in Mali (as part of a World Bank project of €440 million), and one dredging project in Bangladesh (€1.15 million). If these outliers are excluded, the total average amount is of €8 million. The distribution of projects' total amounts is as follows:

Table 6: Distribution of FINEXPO's project total amount

Instruments			S <€5 Million	M 5<X<10 €Million	L 10<X<15 €Million	XL >€15 Million
Interest subsidies with donation			5	3	2	1
Interest subsidies			8	15	3	7
Donation				1		
Tied State To State loans			27	12	6	14
Untied State To State loans			4			
Total			44	31	11	22

Source: FINEXPO files

40% of the projects supported by FINEXPO have a budget lower than €5 million, and 30% have a budget between €5 and €10 million. 70% of the supported transactions have a value below €10 million.

Most interest subsidies support projects with a budget of less than €5 million, while interest subsidies with donation support projects with a budget in the range of €5 to €10 million. Tied State-to-State loan is the instrument most used for projects exceeding €15 million, even if 46% of the loans supported projects for a value of less than €5 million.

In some cases, the projects are implemented by a consortium of Belgian or non-Belgian enterprises. Only 80% of the files contain this kind of information. Among these files, 71% were submitted by exclusively Belgian companies. 29% of the projects were implemented by a consortium made of a Belgian and a foreign company.

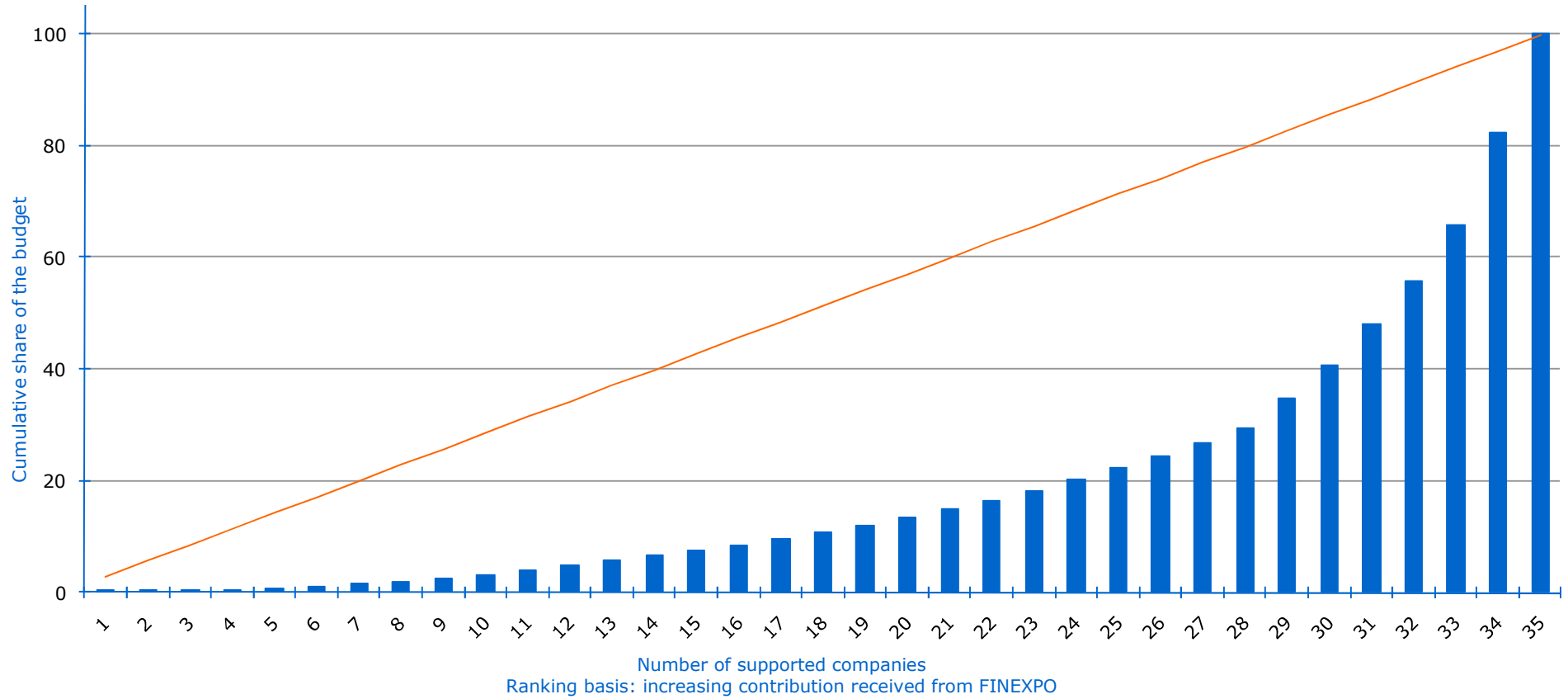
... but benefits to a limited number of companies ...

FINEXPO' support benefited 38 companies over 10 years. However, the distribution of FINEXPO support is uneven. According to graph 1³⁹, 5 companies share 52% of the budget allocated by FINEXPO. This graph also shows that more than 35% of the FINEXPO budget between 1997 and 2008 has been used to sell buses supplied by two companies.

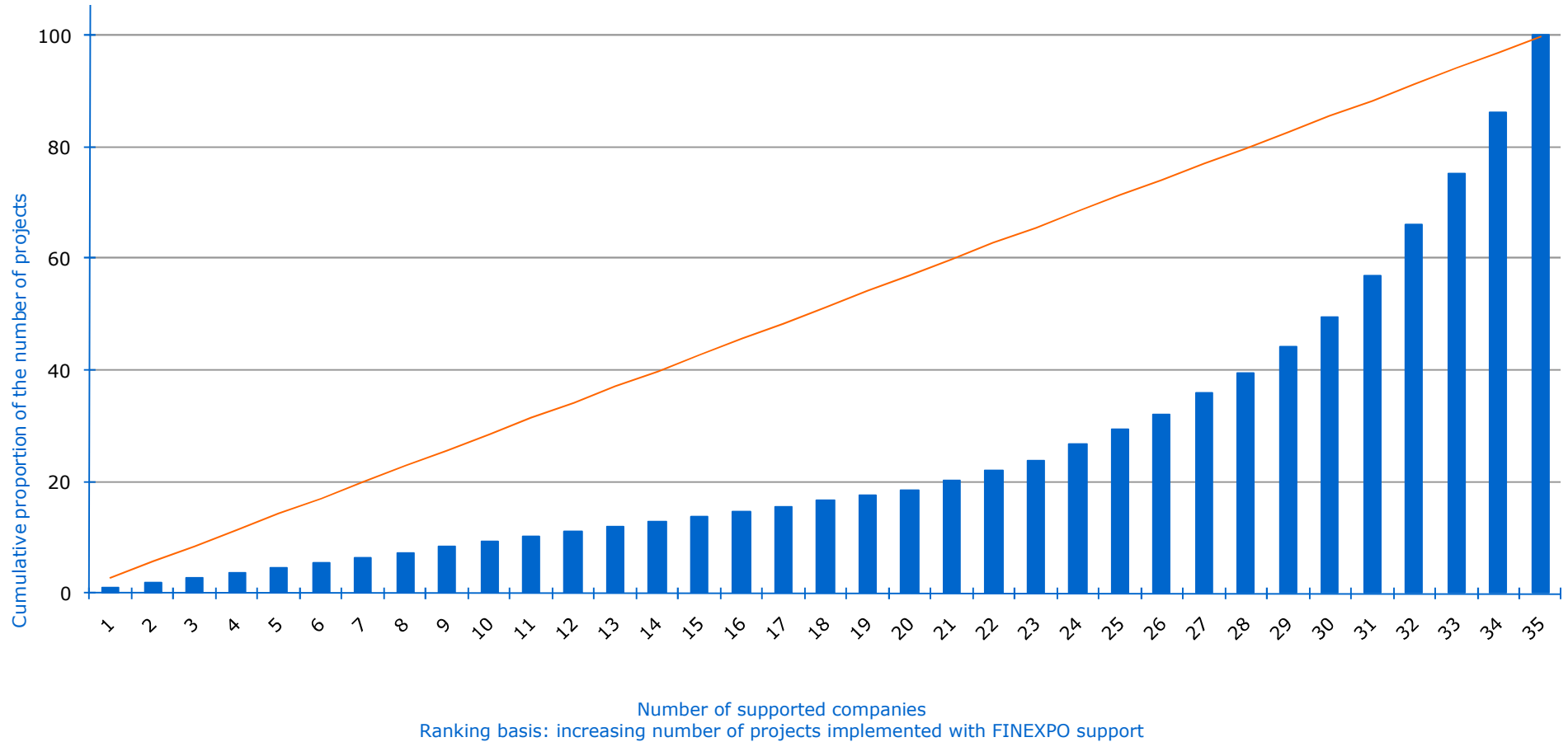
According to graph 2, 50% of the total number of supported projects were also implemented by 6 companies, 3 of these belong to the top 5 with respect to the budget shares.

³⁹ The number of companies is different in the text from the number in the abscissa. Indeed some companies have split into two after the implementation of one (or more) projects and some companies changed their name during the project. In that case, the team counted the companies as separated ones in the text but for the graph the budgets were divided into the two companies in case of split or one in case of change of name in order to be more realistic in terms of share of the budget. The same calculation was done for the share of projects.

Graph 1: Cumulative share of FINEXPO budget by company (1997 – 2008)



Graph 2: Cumulative share of projects supported by company (1997 – 2008)



... and might be limited by its budget and informal structure

According to the interviews, the services provided face some limitations:

- **Transparency and budget availability:** due to the limited amount of resources available, companies apply for small or medium sized projects only (according to their point of view). Even if no formal rule is written on the maximum amount FINEXPO can provide per project, companies tend to limit their application. In countries where concessional loans are compulsory companies know that their only possibility to enter the market is with small projects. Nevertheless this restriction is only based on the companies' representatives' perception of the maximum amounts and is therefore different from one company to another. The same situation prevails regarding the number of applications per year. Some interviewees believe that they have to wait for their project to be completed before applying for new funding. Others believe that they can apply once a year and so on. According to interviewees, FINEXPO mechanism is mainly based on individual relationships. Individual relationships bring more flexibility but they also bring uncertainty, for instance when the individuals on a project are replaced.
- **Pro-activity.** FINEXPO limits its intervention to financial support. It is not involved in trade negotiations. It does not perform trade related risk assessment nor is it involved in the management of the projects on behalf of companies, not even in the specific case of financing difficulties. For example, two projects implemented by FINEXPO got their bank account blocked due to legal or political decisions not related with the project and the interviewed companies lamented that FINEXPO did not assist them enough in order to find a solution and negotiate with the concerned banks⁴⁰. Once a project is approved, FINEXPO keeps out of the implementation process and risks.

FINEXPO services are accessible, effective, and of quality. However, the instrument is hardly visible and the process is not transparent, leading a different approach to and use of FINEXPO funding by the beneficiary companies.

Since FINEXPO lacks an intervention strategy, there is no deliberately chosen geographic distribution for interventions: exports are directed to 39 different countries. The average number of interventions in a country is 2.8. The same is true for sectors of intervention. In practice, FINEXPO intervenes in four sectors, but these are not deliberately chosen by FINEXPO. They are the "passive" choices resulting from the eligibility regulations of the OECD: transport, ICT (radio communication), water and sanitation, and energy.

With its actual budget, FINEXPO cannot cope with more requests than the actual 15-25 requests for support. As a result, FINEXPO distributes approximately € 30 million annually among some 10-15 Belgian companies. Of the budget allocated by FINEXPO, over half (52%) has been used for interventions that concern only 5 companies. The amount made available by FINEXPO is a further constraint for companies: only small projects can be launched to enter new markets.

⁴⁰ According to the secretariat, FINEXPO had numerous contacts with representatives of one of the two companies (mail, meetings and such) to find a solution to the problems faced by the company.

4.5.2. Q12. To what extent are the projects effective?

Projects seemed to induce economic improvement for the recipient country

Information on projects' effectiveness is not available in Belgium. The questionnaires only provide information on the potential effects of a project. As stated in section 4.2.1., FINEXPO has very weak a monitoring and evaluation procedures. Very few implementation reports on are available for the projects concerned. Moreover, the evaluations of FINEXPO projects performed by the BTC focus on the implementation and the outputs of a given project, not on the outcomes.

According to the interviews conducted with the Belgian companies, projects induced **economic improvement**. Indeed, all the companies interviewed hired local staff for the implementation of the projects. Some of these companies hired local staff for maintenance.

Their projects had also an effect on **local capacities**, even if limited. Except the dredging projects – because of their nature – all the projects included training on maintenance. Two projects focus on the training aspect. One project in Tanzania included a training centre, and one project in Mongolia launched a partnership between Belgium and Mongolian hospitals. This latter project is the only case showing evidence of active support to empowerment of local institutions beyond maintenance.

Projects enhanced the stock of social infrastructures but not all them were effective in enhancing the social capacities

In Ghana, some of the projects have been, or are likely to be effective in the sense that they delivered or are about to reach their specific objectives. The Elmina lagoon and most probably the Koforidua water supply project belong to this category:

- The dredging of Elmina project has been effective with respect to the reopening of a safe access to the lagoon and the resuming of the fisheries activities. Hundreds of fishermen who had moved in other much less secure places, sometimes in neighbouring countries, came back to Elmina. The market activity developed significantly with an impact on agriculture and traditional food processing, notably since the fishermen and traders buy important amounts of gari. Outlet for ice, spare parts and several kinds of services, traditional wooden shipyards also developed. However, the sustainability of these effects is not ensured as long as phase II of the project has not been carried out.
- The water supply in Koforidua project enabled reliable access to clean water to the city and to rural areas along the pipe line. Most observers say that with improved water supply, Koforidua will become much more attractive since poor water supply was among its main weaknesses for dwellers as well as for small entrepreneurs.
- The telecommunication project in support to the Ghanaian Parliament (improvement of electronic security and telecommunication systems within the parliament premises) is considered as very successful by the end users. It facilitated orderly debates and discussions within the parliamentary chamber and in other conference rooms, efficient archiving and retrieval of transcribed materials, internal and international communications. Finally, the security of the speakers, Members of Parliament and staff increased.

This might also be the case of the support to the Metro Mass Transit Limited (MMT - contribution to the mobility in Accra by the delivery of buses) while in this case no specific objective was defined. If the CLIP project had some positive effects in a few laboratories, (improved the reliability and safety of some analysis, alleviated the constraints preventing the implementation of the national policy), the overall effectiveness is limited due to a restricted use of the equipment supplied.

The projects implemented in Vietnam have mixed results. Three projects can be considered as effective:

- The mobile substation for Northern provinces (electricity supply to rural areas) led to a higher sustainable level of services to the public. It ensured energy supply to the fast growing rural population, thus improving living conditions. The stations have a long life span and can be used flexibly where problems of energy supply occur.
- The rehabilitation of the polyclinic in Khanh Hoa allowed for an increased number of treatments, care, and analyses provided. Additionally, the hospital has been upgraded to an academic hospital. This means that medical students are now receiving on-the-job training and that upgrading courses are now being developed for practicing medical personnel. The project increased patients' access to local healthcare. Patients can now be diagnosed at an earlier stage. Because of related increase in fee collection, the hospital is able to repair and maintain equipment so as to guarantee optimum conditions to patients.
- The first waste incinerator in Ho Chi Minh City improved the environmental and sanitary health conditions in the surrounding area. The hospitals are indeed separating the normal waste from specific hospital waste at their site. These two types of waste are subsequently collected at different times in different containers. The only problem is that the current incinerator has a too small capacity. For this reason, another incinerator for hospital waste and specific industrial waste with a capacity of 21 tons has been purchased and is now being installed.

The delivery of a mobile substation to Ho Chi Minh City was perceived as not effective. Complaints on the equipment were not found acceptable by the supplier since the guarantee period of the equipment had elapsed. However, the end-user never claimed the equipment to be repaired as part of warranty. In addition, the equipment had been in repair during the guarantee period and could not have been used from June 21, 2001 till May 26, 2002 (nearly one year).

The plant for separation and upgrading of fermentable components of garbage for compost in Phu Ly produced only 10% of compost out of the waste (the target was 30%) and the compost has a very low quality, which means hardly any income from its sales. Due to far more landfill than envisaged, the environmental and health issues for the population have hardly improved, since the landfill now is nearly as high as it used to be.

In Quy Nhon (project of separation and upgrading of fermentable components of garbage for compost), only 24 tons per day can be treated (160 tons are collected per day) because the separation of waste takes far much time than ever envisaged. Only 3 tons of compost are produced per day (target: 84) and the waste to be used for landfill is about as much as before, hence there is hardly any improvement as regards the issue of environmental pollution. The plant incurs a loss of € 77,000 annually and due to the smell of the large volume of non-treated material and material in the windrows, URENCO had to compensate the habitants of 85 houses in the direct environment. Regarding the sewerage network in Hue, only 8 km of pipeline for the out of the 88 planned have been constructed so far (the project started in 1997) and no drainage system is in place⁴¹.

Finally, the effectiveness of four more projects could not be established as these were still under construction or still in trial operations (nuclear cancer treatment, hospital and industrial waste treatment and water treatment plant); the fourth venture, the

⁴¹ Report No. 22/BC-UB of City People's Committee dated April 4th 2005

effectiveness of the 1st phase of the project implemented in Cua Lo (reorganisation of black water treatment) of which the contract was split by MPI into two phases, can only be assessed when in 2014 the waste water treatment plant (phase 2) has been constructed and will be in operation.

The poor results of the projects implemented in Vietnam could be explained by the weakness of the feasibility studies (see section 4.1.4.) and of the limited capacity to address unexpected events or failures.

Projects created business linkages for at least 9 companies

According to all companies interviewed except two, projects supported by FINEXPO **created business linkages** for the beneficiary companies in the recipient countries and regions, allowing companies to enter relatively closed markets (where concessional loans are necessary) and improving the image of / confidence in Belgian products companies among recipient countries' banks and authorities. One company underlined that State-to-State loans were very useful to support the company's credibility, especially *vis-à-vis* the authorities in recipient countries.

- 6 companies won new contracts and increased market share in the country and 3 in the regions after the implementation of the first or second supported projects. Even when the companies were already active in the country, the FINEXPO project increased its visibility and image within the country thanks to new good references.
- Thanks to the FINEXPO references, one SME created new business linkages with i) a local society in charge of importation, ii) an agent in the country of intervention, iii) an after-sales company ,iv) a compost trainer as well as v) with a Belgian company in charge of international transport.
- For one company, the FINEXPO supported project has enabled the company to create its first reference in the sector.
- In one case, the fact that due to the project, the company already had equipment in the country increased its competitiveness. The company was therefore in a position to submit proposals with recognized references and won the contracts.
- However, in one case the benefits of resuming commercial relations between the country of implementation and Belgium have been lost due to the embargo decided by the United Nations.

On the contrary, given the difficulties faced during the negotiation and the implementation of the electricity distribution project in Vietnam and due to fierce competition, three companies⁴² informed the evaluation team during the interviews that they decided not to be involved in the Vietnamese market anymore.

The increase of business linkages had a positive effect on at least two companies. Since the first one received its first State-to-State loan, its export turnover increased from €1.74 in 2004 to €8.74 in 2009, half of which was supported by FINEXPO. Thanks to the increase of turnover, strongly linked to State-to-State loans, the company, which consisted of 3 employees in 1998, hired 14 persons on a permanent basis. The other one developed a new department specialised in overseas exports and hired 4 permanent staff.

⁴² For one of these enterprises this information has been contradicted by another contact in the headquarters according the fact that they are negotiating new contracts.

However these companies are not necessarily in a position to win commercial contract thanks to FINEXPO references

These affirmations are weakened by the observations made on the field. Few companies are in a position to win new contracts based on commercial basis only. In Vietnam, out of the 14 projects implemented over the past 10 years, there were only 7 different Belgian suppliers, among them companies who had already implemented 3 projects with FINEXPO support.

Some companies, however, were already rather successful enterprise in the countries where they implemented FINEXPO projects. For example, one of them was able to develop a market for major public works in the country independently from the Belgian concessional financial support. Another company was already present in the markets before receiving FINEXPO support. Soft loans represent only 3 to 5% of the turnover of this company.

The extent to which FINEXPO has helped the company in charge of water supply in Ghana is not clear, since the sector involved implies a permanent supply of concessional funds.

Project effectiveness (the extent to which specific objectives are reached) was not monitored during the period under evaluation. Based on field visits, one can observe that effectiveness is uneven. The enhancement of capabilities is limited as few projects targeted the institutions strengthened. However with four sectors and an average of less than three interventions per country that are not (necessarily) connected, makes that FINEXPO cannot be expected to have had any global effectiveness on development objectives.

FINEXPO is a key partner to enter specific market. It is effective in creating business linkages, additional exports, and employment. In a few cases FINEXPO interventions resulted in lasting relations (auto-buses Algiers e.g.) or opened markets. In very few cases however were these openings sustained over time, in particular when FINEXPO subsidies were no longer available.

4.6. Efficiency

*The analysis of efficiency relates to the **services provided** by FINEXPO and the **interventions financed** through FINEXPO.*

*Question 13, **efficiency of the services provided**, focuses on the procedures. The basic question of efficiency is whether the same could have been done at a lower cost or whether more could have been done at the same cost. At the procedural level, the evaluation analyses and compares the transaction costs of each of the financial instruments. (What is their cost? Is the duration of the selection process acceptable? What is the ratio between management costs and expenses?). Given the scope and limitations of this evaluation this is an approximate assessment, since time and resources available do not allow elaborating a quantified transaction cost analysis.*

Question 14 focuses on the interventions. As it is almost impossible to check whereas the prices were adequate after the beginning of a project, the team limited its assessment to the condition of procurements. The objective is to assess whether the procurement mechanism limits or not the risk that a company offers its services to price higher than the market price.

4.6.1. Q13. To what extent are the services provided by FINEXPO efficient?

Companies perceive the transaction costs as low

As stated in section 4.5.1, the communication between FINEXPO and the companies is not burdened by formality and runs smoothly. Contacts are very good, information is easy to obtain, the companies do not have to provide formal studies etc. With the pre-selection mechanism the companies confident their project will be approved. Hence there is almost no transaction cost for the projects that will not be approved. For those going through the whole process, the costs are perceived as low.

The selection process is informal and the companies find its duration is acceptable

The first step in FINEXPO's approval process is the approbation of the project by the committee. The dates of the submission and the validation by the committee are available for 89 cases, including projects that were presented to the committee more than once. Out of these 89 cases, 77% receive an opinion in less than two months, 39% of which between one and two months.

Table 7: Period of time between the submission and the committee approval

	Max 15 days	Max 1 month	Max 2 months	Max 3 months	Max 4 months	More
cases	15	19	35	8	3	9
%	17	21	39	9	3	10

Source: FINEXPO files, Minutes of the Committee meetings

105 files include information on the date of the official approval (approval by the Ministry or by the Council of Ministers). The approval process is faster with interest subsidies and donations than with State-to-State loans. 70% of the interest subsidies are approved in less than 2 months, whereas only 48% of the State-to-State loans are treated within this period of time.

Table 8: Period of time between the committee approval and the official approval

	Max 15 days	Max 1 month	Max 2 months	Max 3 months	Max 4 months	More
IS	1	15	19	9	1	5
STS	3	9	14	10	5	14
cases	4	24	33	19	6	19
%IS	2	30	38	18	2	10
%STS	5	16	25	18	9	25
%	4	23	31	18	6	18

Source: FINEXPO files, Minutes of the Committee meetings

Assessing the delay between the official approval and the decree is not relevant. Indeed this period of time is not the responsibility of FINEXPO but results from the negotiation between the company involved and the recipient country and the date of the signature of the contract.

According to the companies interviewed to date, the whole process is predictable. Interviewees are confident that, once discussions with the secretariat start, it takes more or less a year until the approval of the project, and another year until the implementation phase kicks off.

Belgian companies consider this time period acceptable. According to companies with experience in similar instruments (ORET, RPE), the FINEXPO process is faster and less cumbersome. The companies do not perceive any significant difference when applying for one or another instrument, even if interest subsidies are more flexible and the banks are more involved in the process.

Indeed management costs are low...too low?

FINEXPO has no budget allocated for pricing studies and evaluations. Such assessments are conducted on the FPS Finance budget for financing services and miscellaneous expenses, only available for state to state loans. There is no follow-up of the activities of the companies, no budget for promotion, specific assessments such as commercial viability, relevance for development etc. The budget is limited to financial support to the companies and FINEXPO does not have the means to be more involved after the approval of the project or to invest feasibility studies leading to more accurate project design...

...But some improvement could be made in terms of information management...

It seems there is not one single file containing all the information on the project. If communication seems easy among the members of the secretariat, the lack of centralisation in one place could eventually raise issues of lack of transparency, coordination, information sharing and loss of information. This could, in turn, affect the efficiency of the monitoring of a file.

...As well as in the relation with recipient countries...

Vietnamese representatives are not totally satisfied with the efficiency of the procedures. In order to facilitate the procedures of the FINEXPO's programme, the ministry would prefer framework-agreement for a number of years (3 or 5 years), instead of the current one-by-one treatment of each project activity. According to the Ministry, such agreement speeds up the process and facilitates the ministry's annual internal planning activity considerably. In their view, this does not necessarily mean that the annual commitments have to be realized in full however. The Vietnamese government understands the nature of the programme: Belgian businesses make initial contacts with local clients/organisations and, if successful, contact FINEXPO in order to benefit from the financial facility. Hence FINEXPO is not in the position to plan its supports, neither in Euros, nor in number of projects per year.

Finally, according to Ghanaian representatives (Ministry of Economic and Planning and Ghanaian chamber of commerce) the communication with FINEXPO and the Belgian authorities in general is not sufficient.

... And in the maximisation of the available budget.

From 1999 to 2008, FINEXPO actually committed 61% of the commitment budget available for Interest subsidies (and interest rate stabilization). However, except in 2005, the actual commitment has improved since 2003.

Table 9: Comparison between commitment budget and actual commitments⁴³ for IS, ISD and interest stabilisation

	Commitments		
	Credit €M	Committed €M	ratio %
2008	37.05	26.94	73
2007	37.05	30.83	83
2006	37.05	33.38	90
2005	37.05	6.90	19
2004	25.00	22.39	90
2003	12.00	10.00	83
2002	37.18	13.42	36
2001	34.95	19.27	55
2000	37.18	24.19	65
1999	37.184	14.89	40

Source: FINEXPO secretariat

The percentage of commitment for State-to-State loans is higher (about 83%⁴⁴, 90 if the 2002 is excluded). This difference between the two instruments is explained by the two different mechanisms for commitment. As far as State-to-State loans are concerned, once the council of Ministers approved the project, the budget is committed. In the case of interest subsidies and grants, the budget is only committed after the contract between the Belgian company and the client is signed.

Table 9 bis: Comparison between commitment budget and commitments for State to State loans

	Commitments		
	Credit €M	Committed €M	ratio %
2008	37.40	35.45	95
2007	37.40	35.90	96
2006	37.60	35.94	96
2005	32.29	28.40	88
2004	32.80	26.52	81
2003	19.62	13.82	70
2002	30.37	10.34	34
2001	20.68	20.20	98

Source: FINEXPO secretariat and annual reports

Three reasons explain the difference between the budget available for commitments and the budget effectively committed:

- With respect to interest subsidies, there is by definition an important time lag between the commitment and the actual payment of the corresponding interest subsidy.
- 61% of the available commitment budget has actually been committed (even if, since 2003, the commitment trend has improved with an average of 70%).

⁴³ Each year FINEXPO has two budgets: a commitment budget and a scheduling one. **Commitment budget** indicates how much FINEXPO can commit itself to a third party during a circumscribed fiscal year. In other words, how much it will grant subsidies. **Payment appropriations** indicate the level of payments that FINEXPO is entitled to effect in the course of a determined fiscal year. The payment appropriations are generally used to pay the obligations of the previous fiscal years.

⁴⁴ Source: FINEXPO annual reports

- For State-to-State loans, parts of the approved projects have not been implemented, notably when the supported enterprises competed in open tender procedures and were not selected.

The transaction costs are kept low without affecting the attendance to the Belgian clients. The selection process is informal but its duration is acceptable. The communication between FINEXPO and the companies is mainly informal, while contacts are made relatively easy thanks to little red tape. This has a negative side as well: FINEXPO functions without formal procedures for projects appraisal, centralisation of information, or for control over deliveries. Monitoring and evaluation work and value for money audits are absent. The system is thus "light", which is not necessarily equal to being efficient.

4.6.2. Q14. To what extent are the projects supported by FINEXPO efficient?

The majority of the companies had to face international competition from companies benefiting from public support

Only 77 files provide information on the procurement mechanisms (mention whether the tender was public or the result of direct negotiations). Half of these 77 files (52%) show a recourse to public tenders (limited or not). Moreover 75 out of 108 interventions had to face international competition with other firms also benefiting from public support from their countries. Indeed, even if the proposition is not publicly tendered, this does not mean that the Government is in "informal" contact with one provider only.

Most files do not contain overviews of international price levels. The FINEXPO secretariat cannot assess the competitiveness of offers made by Belgian companies. The international price levels of the goods and services to be exported are not evidenced. However we can assume that the open tendering procedures ensure that the suppliers apply competitive prices. Nevertheless one cannot exclude that, in some cases, FINEXPO supports uncompetitive prices.

Prices can be assessed for State-to-State loans

With State-to-State loans, pricing studies are required when there are doubts as to the level of competition. The decision to implement a pricing study is made by the Inspector of Finance and the assessment is carried out by the BTC within a framework contract signed between the BTC and the Inspector of Finance for the FINEXPO programme. The BTC is in charge of assessing whether the prices proposed by Belgian companies are aligned on the market prices. The BTC also analyses the quality and relevance of the equipment proposed and of the local management situation.

Pricing studies are not required when the project answer to a public tender or to a direct bidding with alleged competitors, or when a price study has already been implemented for the same project and same exported goods. The price of the exported goods or services was assessed in 14 files, all of them being State-to-State loans. Prices were considered as acceptable for 12 projects:

- CLIP, Ghana;
- Water supply in Ziniare, Burkina Faso (2004 et 2005);
- Construction Mungo river bridge, Cameroun;
- Supply and installation of surveillance systems for Douala harbour, Cameroun;
- Hospital laundry project, Ghana;
- Water supply in Koforidua III, Ghana;
- Delivery of pumping station, DRC;

- Production of liquid chlorine, DRC;
- Tsopo Central, DRC;
- Delivery of biomedical instruments, Mongolia;
- Delivery of a Central heat to Kananga, DRC;
- Electrification in Kinshasa, DRC;
- Maritime radio communication, Mozambique;
- Rural electrification, Kenya.

Except for projects with specific technologies, one should note that Belgian products cannot compete with Chinese or Indian products (e.g. with high tech products for which China and India do not have adequate technology). Even with concessional financing Belgian prices are higher (even if in line with international prices). Belgian products can be interesting because of their quality, but the ratio quality/ price does not always favour Belgium.

Various projects face delays at the implementation stage

All the enterprises involved in the projects had already worked in Ghana or in the region and had therefore the experience of project implementation in these conditions.

In Ghana and in Vietnam, output delivery has often been slower than expected, except for Koforidua where construction was slightly ahead of schedule. The Elmina (Dredging of the Elmina lagoon) project took much longer than expected: the head of project had to be replaced due to his difficult contact with his own locally recruited staff and with the representatives of the population. However after this replacement, things moved on and where carried out more effectively. The delivery of spare parts for the MMT projects (delivery of buses) remains a challenge. Even for European spare parts, the supply chain is very slow. It may take months between an order and actual delivery. The telecommunication project has been launched later than expected because of the difficulty of the government to finance the total budget. The implementation has been delayed by the bureaucracy and the change of government.

In Vietnam, the reasons for such delays could be that: 1) the period between the signing of a "Memorandum of Understanding" and the contract may easily take 2 years (this is due to a substantial amount of bureaucratic work, mainly coming from the Vietnamese side); 2) all sorts of unexpected circumstances arise. With respect to the first cause for delay, it must be recognised that the decision-taking structure in Vietnam is relatively slow up to the extent that a number of Belgian businesses have stopped applying for FINEXPO support when doing business in Vietnam. With respect to the second reason for delay, a number of unexpected developments that took place during the implementation stage were not identified prior to the start of the projects since no proper feasibility studies were made. In addition in a number of cases the quality of the local sub-contractors appeared to be below acceptable working standards. Finally, some companies (including PMU offices) were involved in their first large scale project and project management experience was identified as missing.

In most cases, FINEXPO's Secretariat does not possess the instruments or the information to properly assess the efficiency of intended services or delivery of supplies. The applicant companies are not required to provide evidence on the competitiveness of their services or products as long as their prices match international price levels. Quantity surveyors do not assess the "value for money" relation afterwards.

However, when pricing studies are conducted they evidence that the prices match those of the market and the beneficiaries perceive the value for money as correct. If it is not in a company interest to inflate prices, they can make proposals whom content might be higher than necessary.

Neither FINEXPO nor the evaluation team is in a position to assess the efficiency in such way.

4.7. Impact

Given the dispersion of the projects financed, it is difficult to assess precisely the long term effects resulting from FINEXPO and the impact on the development of the partner country. Therefore the impact analysis is limited to the impact of foreign trade.

4.7.1. Q15. To what extent has FINEXPO an impact on Belgian foreign trade and on the Belgian economy?

FINEXPO created some business linkages for 9 companies at least

As stated in section 4.5.2., FINEXPO has had an impact on foreign trade by supporting the creation of new business linkages. The companies were able to enter new markets and to extend their shares in others although these contracts were not necessarily of purely commercial nature. In Vietnam, Belgian businesses can hardly be successful in penetrating into the Vietnamese market without credit facilities provided by FINEXPO. There is a lot of competition from other bilateral organizations who are offering financial means at concessional (low) rates, such as Spain and Denmark. Besides, in Ghana, FINEXPO did not meet the objective of visibility for Belgian exports. Even if Belgian support is financially important, according to the Ministry of Finance and Economic planning, Belgium has not the visibility it deserves. The Chamber of Commerce (GNCC) was not aware of the activities of Belgium in Ghana.

With respect to companies' Belgian sub-contractors of the direct beneficiaries of FINEXPO, it is hard to assess FINEXPO's impact. Only 5 of such cases have been highlighted. The Belgian partners of two companies are now involved in new projects independently from the Belgian companies. Because of the increase of the number of contracts it signed in Ghana, one company has also supported the expansion of its local representative, a Ghanaian company that has won its own contract on the local market. All other interviewed companies did not provide such information to the team.

FINEXPO had a catalytic impact on financing opportunities for 3 companies

FINEXPO had also a catalytic impact on financing opportunities for at least 3 companies. Receiving public support increases local banks' trust *vis-à-vis* Belgian companies and products. After receiving FINEXPO support, one SME was in a better position to negotiate a commercial credit with its bank. The company even obtained a larger amount. One large company has been using FINEXPO support only when soft loans are compulsory and with the objective to minimise the amounts required. For example, the Government of Philippines required a concessionary component of 25% but FINEXPO, following the OECD agreement, is allowed to support a project only with at least a 35% concessionary component. The company submitted a request for a part of the budget so that FINEXPO's 35% contribution represented 25% of the concessionary component of the project's total amount.

The impact on trade distortion is difficult to assess

Finally, according to sections 4.5.2 and 4.6.2, FINEXPO support was additional and mainly granted for projects with alleged competition and requiring concessional credits from all the competitors. Projects are listed in such ways that trade distortions are unavoidable: companies that cannot benefit from public support are automatically excluded from the competition.

FINEXPO has an impact on international trade relations and on creating business linkages. This does not necessarily mean that the created trade relations are sustainable without FINEXPO support.

FINEXPO has also had a catalytic impact on financing opportunities for at least 3 companies. Indeed receiving public support has an impact on the trust of the banks in the companies' projects.

Its impact on trade distortion is difficult to assess because of the characteristic of the countries targeted (where commercial loans are not allowed by the IMF).

4.8. Benchmark

4.8.1. Background

It is not uncommon that EU member countries justify the use of tied ODA for export promotion programmes arguing that other countries do the same. And it is not uncommon that companies and enterprises put pressure on their national trade institutions by arguing that the governments of neighbouring countries support their national companies much more and create situations of unfair competition. In 2007, the Netherlands' Ministry for Economic Affairs assessed these arguments, based on information provided by the umbrella organisation of the Dutch industry and employers association, the VNO-NCW. The research did not produce outspoken examples of unfair competition, apart from the fact that some OECD participants show more flexibility in the interpretation of the OECD Agreements than others⁴⁵. The fear for unfair competition (but not the strong evidence of its existence) drives exporters and governments alike to continuously renovate their support mechanisms for the national industry and exporters.

The OECD registers the array of instruments applied by its members for supporting the (national) private sector with public resources, including export financing. This registration is aimed at contributing to a "level playing field" among the member states and - in general - at the international market place. A secondary, subordinate purpose of this registration is the control over the compliance of the agreements on ODA in general and specific OECD Agreements in particular. The participants to the "Arrangement on Officially Supported Export Credits" agreed on a greater transparency and efficiency in the use of untied ODA credits and thereto agreed on the administrative support by the OECD Export Credits Secretariat (1st Jan. 2005).

This Secretariat registers the various instruments in the so-called OECD "yellow pages", while the participants "notify" the Secretariat (through a web notification board) of any form of public support to national private sector activities in relation to developing countries. This is aimed at providing both *ex ante* and *ex post* transparency over the use of tied and untied ODA credits that finance the provision of goods and services in developing countries.

Although OECD registers the various instruments, the comparison amongst them is confronted with serious obstacles, due to the heterogeneity of target groups, conditions, and organisational structures. On top, the discipline of notification varies among the participants, while the complexities of the mechanisms lead to differences between the

⁴⁵ Source: Government of the Netherlands to Parliament (2009). Tweede Kamer stuk TK 31200V-116..

de jure and the *de facto* interpretation whether a certain transaction should be notified or not.

If we compare the percentage tied and untied aid of Belgium with France, the Netherlands, Germany, Denmark and Spain, Belgium has the largest percentage of untied aid.

Table 10: Tied and untied aid as percentage of total aid

In %	untied	partially tied	tied	not reported
Belgium	92	0	4	4
France	90	0	9	1
Netherlands	78	0	22	0
Germany	73	0	20	6
Denmark	88	0	4	8
Spain	67	0	29	4
All OECD donors	66	13	16	5

Source: OECD Database. In: Clay, Edward J., Matthew Geddes and Luisa Natali: *Untying Aid: Is it working?* 2009.

In 2007, the Dutch Ministry of Foreign Affairs intended to compare the Dutch instruments with those applied by other OECD countries and concluded that the variety among the instruments is enormous as far as it concerns conditions, applications and management forms⁴⁶.

The benchmarking exercise presented in appendix 8 reflects an enormous heterogeneity among the instruments applied by the various OECD participants. National policies on trade and development, local administrative organisation and institutions, as well as budgetary allocations are determinants that make most instruments rather unique.

Most instruments share the same origin: the support with public funds to exports of goods and services of national origin to developing countries. Over time, an evolution took place of these instruments (like the Spanish Development Assistance Fund, the Danish mixed credit fund and the Dutch ORET-ORIO) and nowadays only a few instruments (like the German ERP and the Spanish CARI) serve, next to FINEXPO, almost exclusively the original objective.

4.8.2. Strengths and weaknesses of FINEXPO as compared to instruments applied by other European OECD participants

Benchmarking of FINEXPO on details of implementation is of little practical use. In this section some observations are made from a broader perspective, focusing on the functions of the support instruments, rather than on the specifics of their implementation.

Strengths of FINEXPO

As compared to the instruments detailed in appendix 8, FINEXPO has some noteworthy strength:

⁴⁶ The (internal) report concluded that –among the OECD participants– the largest volume (in monetary terms, 2007) in support to exports was provided by Japan (€ 1.765,6 million), followed by the Netherlands (€ 581.6 million) and Spain (€ 476.0 million).

- FINEXPO counts with its own, distinctive annual budget allocation. This enables the annual planning of both commitments and disbursement obligations. Although in absolute amount rather small, in relative terms of total ODA effort, the annual allocation is in harmony with the budget made available by other countries.
- The applicant for FINEXPO support may receive individual guidance about the presentation of its request, which is subsequently appraised centrally by the same (and other) staff of various public institutions. And this appraisal is completed in a rather short period of time. This “client friendly” process enables the applicant to react quickly on opportunities in developing countries. It compares favourably to long chains of appraisal, endorsement and approval as is the case in for example Spain and the Netherlands.
- The FINEXPO requirements for written “evidence” are “light” and hence flexible. (Written evidence for example about the Belgian origin of goods and supplies; about the non-commercial viability; about the environmental and social impact assessment) as compared to instruments applied in neighbouring countries.

Weaknesses:

- Due to a lack of a well-defined national trade strategy (for example with “strategic” economic sectors or “strategic trade partners”) FINEXPO is not functional in serving specific “Belgian trade interests” (for example a focus on emerging markets that could be of interest for future trade [compare ORIO], nor promoting goods and products of national origin [compare RPE and CARI]).
- FINEXPO as instrument serves only a few, rather general, objectives contrary to various instruments by other countries, where a single instrument has to serve an array of specific objectives.
- FINEXPO is not explicitly serving any particular group of developing countries (for example the partner countries of the Belgian development cooperation or the group of poorest developing countries only [compare Danish mixed credits and Spanish FAD]).
- FINEXPO operates as an instrument of which the boundaries are set by the array of (changing) OECD Arrangements, but lacking own strategic choices. In other words, FINEXPO is not an instrument with any specific features or strategic design, of which the implementation is constrained by the OECD Arrangements, but exactly the contrary: the OECD Arrangements determine the contents of the instrument. This results in fragmentation of the support since all eligible countries and all eligible sectors can be attended likewise.
- There is no operational definition of such key concepts as “export and trade interest” or “products of Belgian origin” (compare CARI, RPE, ORET), or of what should be understood by development relevance (compare Danish mixed credits, ORET, ORIO).
- The pre-appraisal and appraisal of request is all being done “in house” by the same group of experts. No use is made of independent external technical and/or financial expertise (compare German Composite loan, ORET, ORIO).
- The FINEXPO requests are attended according to the sequence of presentation to the FINEXPO Secretariat. There is no “competition” among the requests for the resources available (compare ORIO).
- Contrary to most instruments by other countries, FINEXPO lacks an internal monitoring system that assesses the efficiency, effectiveness and relevance of the support to the recipient countries (compare Danish mixed credits, Spanish FAD, ORIO).

5. ANALYSIS AND EXPLANATORY FACTORS

5.1. Has FINEXPO been effective?

To answer this question we need to know:

1. To what extent did FINEXPO meet its specific objectives?
2. To what extent did it meet its goals in the twin fields of aid and trade?

To answer this second question, we need to assess the extent to which:

- The projects were relevant.
 - Aid: where the selected projects relevant from a development point of view?
 - Trade: where they relevant from the Belgian effort to promote exports point of view?
- The projects were effective.
 - Aid: to what extent did they meet there development objectives
 - Trade: to what extent did they actually promote Belgian exports as expected?

5.1.1. To what extent did FINEXPO meet its specific objectives?

According to the intervention logic, FINEXPO can be considered as effective since it has delivered its expected outcome. The stated expected outcome⁴⁷ is the following: “*capital goods and related services of Belgian origin are delivered to developing countries eligible for tied aid and LDCs*”.

Between 1997 and 2008 the total amount of signed contracts supported by FINEXPO was €776 millions⁴⁸. To what extent is that a good result? No quantitative objective had been set as a benchmark to compare the performance.

In order to approach this, we could refer to efficiency and ask whether it was a fair use of public resources. We can compare this outcome with the corresponding budgetary impact of €231 million and say that the multiplier effect has been 3.37. This ratio could be compared with the corresponding figure of some competing instruments such as ORET for instance.

Lastly the value of the export projects supported by FINEXPO could be compared with the total amount of Belgian exports to these countries. In the four main countries of FINEXPO

⁴⁷ See intervention logic p. 83

⁴⁸ Source: FINEXPO

intervention – Ghana, Algeria, Vietnam, and Jamaica, the ratio of FINEXPO supported exports to total exports is 12, 2, 6 and 22% respectively.

The main **constraint** identified by all parties, which prevents FINEXPO from increasing such outcome is the budget. Indeed, the budget has been limited but the disbursement rates appear to be low compared to the commitment credit, both for interest subsidies and for state to state loans⁴⁹. Three reasons explain this outcome:

- With respect to interest subsidies, there is by definition an important time lag between the commitment and the actual payment of the corresponding interest subsidy.
- 61% of the available commitment budget has actually been committed (even if, since 2003, the commitment trend has improved with an average of 70%).
- For State-to-State loans, parts of the approved projects have not been implemented, notably when the supported enterprises competed in open tender procedures and were not selected.

5.1.2. To what extent did FINEXPO meet its goals?

Project relevance

In order to meet its goals, FINEXPO must ensure that the projects it finances are relevant and effective in relation with the two fields in which FINEXPO has to contribute.

FINEXPO has to promote Belgian exports and to contribute to the development of the beneficiary countries⁵⁰. The programme was financed out of the budget of the Belgian Cooperation⁵¹ and part of it is considered as ODA by the OECD. This is about all we know about FINEXPO's mandate since:

- the programme cannot justify its actions based on federal foreign trade policy since the latter is now a competence of the regions and the regions mainly target the promotion of SMEs while FINEXPO mainly deals with larger companies;
- Belgium's development policy focuses on a limited number of countries and is formulated through ICP in each of the concerned countries. FINEXPO is not bound by this policy framework and can intervene in any country provided it operates in line with OECD regulations.

The absence of external Belgian policy framework is not compensated by internal regulations, medium-term vision, or principles that can potentially drive the decisions of FINEXPO's Committee. The only framework for reference is thus that of the OECD Arrangements, which define the countries and sectors in which tied aid can be provided.

Therefore, FINEXPO's Committee has few guidelines to assess the relevance of the selected projects. But despite the above-mentioned absence of national policy framework, project files and minutes of the FINEXPO Committee suggest that unanimous agreements to support the projects are relatively easily reached. Moreover, since the instrument operates under tied budgetary constraints, compromises have to be found.

⁴⁹ See table 9, section 4.6.1

⁵⁰ To make it shorter, these two fields of intervention will be called "trade" and "aid" in this document

⁵¹ From 1997 to 2004, the State-to-State loans budget was allocated to the FPS finance and the budget for interest subsidies to the FPS Foreign Affairs. Since 2004, the budget of the three concessional tools has been officially integrated into the Directorate General for Development Cooperation Budget (DGDC). The management of applications was shared between the two FPS. With the 2010 reform, the budget for interest subsidies, grants and stabilisations should be allocated to the FPS Foreign Affairs, the budget for State-to-State loans should remain on the DGCD budget and managed by the FPS Finance.

Such compromises are not reached with more selective criteria for financing or through a competition process between projects. There is no premium for specific proposals (such as for high technology or environmentally sound proposals). Instead, compromises are reached through some form of informal agreement between the Committee and the firms to phase up the projects under successive budgetary exercises. Interviews with the companies also show that the firms used to work with FINEXPO “have their own idea” of the amount they can ask from the programme. They typically refrain themselves from requesting more than that amount. These two kinds of informal agreements⁵² ensure a smooth and efficient management of the programme. Indeed the procedure is rather informal and companies find the decisions of the Committee predictable. These enterprises don’t waste time preparing projects that won’t be financed, which is unavoidably the case when projects compete for funding and only the best are selected.

This approach could be challenged should the competition between companies to get access to FINEXPO funding become fiercer. In consistency to this approach, FINEXPO’s Committee does not invest to enhance the visibility of the instrument⁵³.

Such an approach does not require much investment in ex-ante analysis, hence the weakness of the feasibility studies. This is also true for project monitoring and evaluation, which would bring information that would not be used since, in this context, lessons from the past are unlikely to influence future project selection.

The system is consistent and allows committing (if not spending) the budget within the frame of FINEXPO’s very broad mandate. However, such an approach leads to a concentration of resources which can hardly be considered as the optimal resource use in line with the instrument’s purpose.

Relevance for development

As shown in graph 1 and appendix 9, around 35% of FINEXPO’s budget for the period 1997-2008 has been spent for selling buses. Another 8% also went to the urban transport sector market (Bus station Half-way-tree in Kingston).

Is that the **most** relevant resource allocation from a development point of view? Not much is done to check enterprises’ claims, except by asking for informal advices from the World Bank and the Belgian Embassy. The projects do not seem to have been discussed with the leading donor in sectors benefiting from multi-donor sector wide approaches. For State to State loans, a formal request from the Government is required. There is no focus on the countries where Belgium has a cooperation programme. When it is the case, there are very few signs of coordination between FINEXPO-financed projects and the BTC. In practice, the approach to ensure development relevance resembles a “no objection” approach. There is no real analysis of the relevance of the project itself and of its design.

That being said, field missions show that a significant part of the projects (more in Ghana than in Vietnam) can be considered as relevant as individual interventions, but not clearly related to any consistent strategy.

Relevance for export promotion

Out of 39 beneficiary companies, five have benefitted from more than 50% of the resources. The top 10 companies received 70% of the budget. The majority of these companies (8 over ten) are relatively large and export-oriented firms. This state of affairs

⁵² Within the Committee and between the Committee and the main beneficiary companies

⁵³ This is confirmed by the interview of the firms (how did you come across FINEXPO?), by the contacts in the two visited countries and in the survey organized with the firms by the Finexpo committee (Evaluation des instruments financiers de FINEXPO, Rapport, SPF Affaires Etrangères et Finances non daté)

is again the result of a “no objection” approach rather than that of an explicit strategy to promote specific groups of high potential products or services, or specific classes of enterprises most likely to value FINEXPO’s support. FINEXPO has supported projects that all include a certain level of added value produced in Belgium and which was likely to be accepted by the participants. The debates reflected in the meeting minutes do not evidence discussions about the market development potential for a given firm in a given country except to ensure that the proposed activity was not likely to be profitable and therefore unacceptable by the OECD group.

Again, the projects can be considered as relevant since in many cases the beneficiary company would not have accessed the market without the support of concessional funds. But the absence of formal competition between the projects implies that there is no premium given to the enterprises which most need that kind of support to export, or to the ones with highest potential (i.e. for instance the ones which are most likely to develop their business in the country independently from Belgian public support). FINEXPO is used as a key partner to access markets for which concessional resources are needed but not as a catalytic instrument enabling Belgian firms to penetrate and develop their business on new markets. There is a contradiction between the average size of the companies which get the bulk of FINEXPO support and the average size of each FINEXPO contribution per project. FINEXPO commits about €30 millions/year spread between 15 to 20 projects, i.e. less than 2 million per project⁵⁴. This forces large companies to carry out relatively small projects since the concessional level must remain above 35% (or even 50%) for tied aid in these countries.

Project effectiveness

Development effectiveness

The extent to which projects have reached their development objective is generally not known by FINEXPO’s Committee: the Committee may know the extent to which a project has been implemented as foreseen but it has generally no means to assess the extent to which a project has delivered the expected output. Field visits gave mixed results but some projects proved very effective. However, the sustainability of these effects is often not ensured.

Effectiveness for export promotion

Effectiveness is not actively monitored. FINEXPO’s Committee has no feedback about the effectiveness of its project from the export promotion point of view. FINEXPO’s most effective contribution in that area is the access given to the Belgian enterprises to markets which would not be accessible without the support of concessional funding. The drawback is that the companies specialised in sectors such as water supply, urban transport, or dredging, permanently depend on such an instrument in these countries.

The number of companies which have been able to enter new markets with FINEXPO’s funding and which have subsequently developed their business without additional support from FINEXPO is not known by the Committee. It thus cannot draw lessons from such potential success stories. Some cases such as the dredging project in Ghana have been identified in the interviews and during the missions.

FINEXPO’s Committee has no budget to finance ex ante assessments, to monitor effectiveness, or to go on the field to meet the beneficiary authorities and assess the projects’ effectiveness.

⁵⁴ In terms of budgetary impact. The average budget of supported projects is €5 million.

5.2. Is FINEXPO an efficient instrument?

The overall efficiency indicator is the above-mentioned ratio 3.37 (total contract value/budgetary impact).

Are the projects efficient?

Based on BTC pricing studies and also on the experience of ORET as described by the Dutch representative in Accra, price overestimations made by enterprises which are not exposed to competition is not a major problem. This is not only due to the controls in place, but also to some beneficiary governments and institutions that have their own quantity surveyors⁵⁵ who control these prices. The technical solutions proposed by these firms are however much more difficult to control or to challenge when they seem too expensive. Competitive bidding would allow for comparing different technical solutions. In practice the majority (70%) of the firms supported by FINEXPO are in fact competing with each others. They are thus under pressure to propose efficient technical solutions, provided of course the competition is not biased, which is hard to check except through systematic audits.

FINEXPO uses efficient procedures

The absence of competitive selection not only allows for a relatively informal and efficient relation between FINEXPO's committee and the enterprises, but it also, to a certain extent, imposes such dynamics. Indeed, interested enterprises can only accept this lack of transparency and such informal agreements if the FINEXPO Committee has been able to inspire trust and to demonstrate the benefits of an informal approach (avoidance of expensive competitive tendering e.g.).

Transaction costs are low and this is appreciated by all partners. However, this approach does not encourage the accumulation of knowledge, drawing lessons from experience and improving the whole process. In any case, the secretariat does not have incentives to invest in such a review effort since vague objectives do not guide the Committee in its decisions.

⁵⁵ Such as the Crown Agents in Ghana

6. CONCLUSIONS AND RECOMMENDATIONS

6.1. Conclusions

C1. FINEXPO is operated without referring to any explicit policy framework since:

- Belgium has no specific federal foreign trade policy and,
- the Belgian development aid policy does not apply to FINEXPO.

FINEXPO has not compensated this absence of policy guidance by developing internal strategies, setting of priorities or procedural rules. The only leading (in fact binding) framework is therefore provided by the OECD Arrangement.

Even in absence of a specific federal trade policy, the overarching principle of FINEXPO is that the support is supposed to contribute to exports and trade. However, whether an individual request for support is relevant to either the Belgian economy or to exports cannot be assessed in absence of an operational description of what should be considered as "export and trade interest" (no thresholds, no standards, no definitions).

C2. The overall FINEXPO's effectiveness is limited by the following factors:

- Since effectiveness means "the extent to which the activity's stated objectives have been met", (OECD) the absence of well-defined objectives hampers the assessment of the effectiveness of FINEXPO. The evaluator's interpretation of the objectives is provided in the intervention logic⁵⁶;
- The relevance of the projects from a development point of view is usually only appreciated on the basis of the declarations of the enterprise or justified by the official request of the Government. In many cases, the feasibility studies (if they have been carried out at all) were not independent from the implementing companies and were of insufficient quality. This had detrimental consequences for the development relevance, for the effectiveness and efficiency of the project, and sometimes for the international image of Belgium.
- The relevance of the projects as a contribution to promoting exports is assessed by the SPF Economic Affairs. This assessment is generally not substantiated with specific studies or explicit criteria;
- The modest budget of the programme;
- The effectiveness of the individual projects, as observed by field visits in Ghana and Vietnam, is uneven. No monitoring system has been implemented neither by the FINEXPO Secretariat nor by the Belgian cooperation;
- With an average of less than three interventions per country that are not (necessarily) connected, FINEXPO cannot be expected to make an impact on development objectives;

⁵⁶ See section 3.5

- Although FINEXPO has contributed to new business linkages between Belgian suppliers and the recipient agencies, in only a few cases this resulted in lasting relations or opening up of new markets independent from further FINEXPO support;
- FINEXPO's secretariat lacks financial resources and incentives to review activities in the field. This prevents the secretariat from developing its own perceptions about the effectiveness of the programme and hence to improve the resource allocation;
- Despite FINEXPO's relatively long experience in the field, information loops and knowledge accumulation processes are lacking. These would enable FINEXPO drawing lessons from experience with the aim to adapt the selection criteria for achieving a higher degree of overall effectiveness of its operations. Such information is currently not necessary since projects do not compete for selection, all projects considered "acceptable" are approved against the eligibility criteria defined by the OECD Arrangement.

C3. In that policy vacuum, FINEXPO is efficiently managed thanks to somewhat flexible working procedures and sound mutual understanding between the FINEXPO Committee and a limited set of medium size and large beneficiary enterprises.

C4. The services provided by FINEXPO are easily accessible. However, not much has been done to date to enhance the "visibility" of the programme in both Belgium and the eligible beneficiary countries.

6.2. Recommendations

C1. The lack of external policy framework is not compensated by an internal strategy

R1. Few sectors and countries of focus Belgian cooperation are also covered by the arrangement on tied aid. Therefore FINEXPO cannot fully rely on the cooperation law to define its strategy for development. Similarly, the jurisdiction over foreign trade being regionalized, FINEXPO cannot rely on a federal statute to define its business strategy.

The fact that companies and FINEXPO need to agree on limitations in terms of numbers of requests or budget suggests that the latter is not sufficient to allow FINEXPO to meet its broad and unclear objectives. The absence of a clear strategy and of an open and explicit selection mechanism could expose the decisions taken by the Committee to criticisms for insufficient transparency in the allocation of public funds.

The FINEXPO committee has no control on the very unclear policy framework in which it has to operate. However the Committee should compensate this lack of guidance by defining its own "mission statement". The "mission statement" should be publicly available and broadly circulated. The mission statement should present the goals and purpose of the instrument. It should consist of a document that also describes FINEXPO's institutional features, its different bodies' responsibilities and activities, its budget and an annually revised strategy explaining how the Committee intends to carry out its mission. This strategy would lead to priorities being set and thus to projects selection criteria.

C2.1 The effectiveness of FINEXPO is limited by insufficient selectivity of the projects

R2.1.1 This mission statement and its annexed documents should function as a funnel for selecting projects. It is suggested to select projects against the following criteria:

- Compliance with the OECD arrangement;
- Compliance with FINEXPO's goals and purpose;
- Quality of the feasibility study;
- Repeat orders (projects that are not repeat orders should be a priority).

Each of these criteria should be defined precisely in the mission statement. Their definition should include indicators shared and published. The definition of these criteria requires both an analysis of the criteria used by other countries and the establishment of an M&E mechanism to adapt and refine them based on the lessons learnt. Finally, in countries where Belgium implements a cooperation programme and where the BTC is active, increased synergies must be promoted in order to improve design, implementation, and/or monitoring of FINEXPO projects.

R2.1.2. Raising the level of requirement through tighter criteria implies that FINEXPO must receive more requests than it can approve in order to improve the quality of the projects through selection (projects' relevance and effectiveness). These requests should come from a larger number of companies in order to avoid targeting most of the resources to support to a small number of nearly permanent beneficiary companies. Selection against more demanding criteria can only be done if the requests are more numerous than the selected projects. Increasing the visibility of FINEXPO in Belgium and in the beneficiary countries thus becomes a priority. FINEXPO must become an attractive instrument that is part of a larger number of Belgian companies' market development strategies. To that end, it is essential that regional exports promotion bodies and of the Embassies take part to the promotion of the instrument, in Belgium and in the beneficiary countries.

C2.2 The effectiveness of FINEXPO is limited by the effectiveness of the projects

R2.2. Accumulating experience and knowledge at the Committee level is only important if its members can compare and chose between competing projects. In order to improve the accuracy of the Committee's decisions and thus to raise the effectiveness of the instrument in support of Belgium's and its regions' foreign aid and trade policy respectively, FINEXPO's Committee should obtain more feedback from the field. Moreover, addressing or at least being aware of the implementation problems could reduce the risk for the companies and protect the image of Belgian enterprises.

This could be done directly through field visits and indirectly through launching monitoring missions and evaluations of at least a part of the financed projects. Activity reports should also be requested from the beneficiary enterprises and critical performance indicators should be agreed upon before approving financial support.

C2.3 FINEXPO's effectiveness is limited by budget constraints

R2.3. The above recommendations would raise the management costs of the instrument. Indeed, low management costs do not necessarily mean efficiency. The increase of management costs means necessary resources must be found within the existing budgets and from other sources.

The commitment budget for interest subsidy as well as for State-to-State loans is considered as an important constraint limiting the effects of the programme. However, despite recent progress, the average rate of actual commitment for this part of the budget has been relatively low (61% for the interest subsidy) since some of the projects are never implemented. Parts of the budget that are unlikely to be disbursed at year-end should be used for analytical work such as feasibility studies, and monitoring and evaluation. Funds from the Study fund and BIO should also be solicited for that purpose. Field visits by the members of the Committee also deserve more resources from that budget. These visits could play an important role at three levels: a) improving the awareness of the members of the Committee about the effects of the financed projects; b) improving the dialogue with local authorities, especially in countries where the Belgian cooperation is not active; and c) improving the visibility of the FINEXPO instrument.

APPENDIX 1 – TERMS OF REFERENCE

Service de l'Evaluation Spéciale
S.P.F. Affaires étrangères, Commerce extérieur et Coopération au Développement

CAHIER SPÉCIAL DES CHARGES n°S4-2009-02

APPEL D'OFFRE GÉNÉRAL POUR
L'EVALUATION DES INSTRUMENTS BELGES DE SOUTIEN AU COMMERCE EXTERIEUR
COMPTABILISES EN AIDE PUBLIQUE AU DEVELOPPEMENT – EVALUATION FINEXPO

MOTS CLEFS : COOPERATION AU DEVELOPPEMENT, COOPERATION FINANCIERE, AIDE
DELIEE, APPUI AU COMMERCE EXTERIEUR, PRÊT D'ETAT, BONIFICATION D'INTERET

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B. PRESCRIPTIONS TECHNIQUES

1. Raison d'être et portée de l'évaluation

Le Service de l'Evaluation Spéciale est compétent pour évaluer l'ensemble des dépenses de l'Etat fédéral belge comptabilisées comme aide publique au développement (APD) par l'OCDE. Il évalue également les institutions ou les instruments qui contribuent à la mise en œuvre de l'APD. A ce titre, il a été sollicité pour mener une évaluation du service FINEXPO.

FINEXPO est tout d'abord un outil d'appui au commerce extérieur. C'est un Comité d'avis¹ qui a pour objectif de soutenir les entreprises belges dans leurs projets d'exportation de biens d'équipement et de services et de leur donner ainsi les moyens de faire face à la concurrence internationale.

Certains instruments financiers de FINEXPO sont comptabilisés auprès du Comité d'Aide au Développement (CAD) de l'OCDE comme APD. Il s'agit des prêts d'état à état, des bonifications d'intérêts (avec ou sans don) et des dons purs. Ces instruments correspondent en effet à la définition de l'APD telle qu'elle est formulée par le CAD². FINEXPO est donc également un outil de coopération au développement.

L'évaluation portera spécifiquement sur les projets financés par FINEXPO via les quatre instruments ci-dessus. La période d'évaluation court de 1997 à fin 2008. Les activités concernées se déroulent dans les pays éligibles à ces types de crédits d'aide, c-à-d les pays dont le PNB par habitant est inférieur à 3705 USD en 2007. Leur liste est établie dans l'« Arrangement de l'OCDE sur les crédits à l'exportation bénéficiant d'un soutien public » de 1978 et mise à jour annuellement.

En 2007, le budget d'engagement de FINEXPO (stabilisations d'intérêt comprises) représentait un montant de 66.720.000 €. Les interventions de FINEXPO classées en APD sont de l'ordre de 3 % de l'APD belge.

En mai 2008, l'OCDE a invité ses Etats membres à élargir le champ d'application de la Recommandation de 2001 sur le déliement de l'aide publique au développement³ à huit pays PPTTE⁴. La Belgique a demandé un moratoire de deux ans afin d'« évaluer la pertinence et l'impact du système de Prêts d'Etat à Etat et de bonifications d'intérêts pour des crédits venant en appui aux exportations, et d'en assurer l'adaptation aux exigences actuelles d'une aide au développement

¹ Créé par l'Arrêté Royal du 30 mai 1997¹ ; sa composition et son fonctionnement est fixée dans l'Arrêté Royal du 15 juillet 1997. L'Avis du Comité est soumis au Ministre du Commerce extérieur pour décision finale en ce qui concerne les stabilisations d'intérêts et les bonifications d'intérêts avec ou sans don, ainsi que les dons purs. En ce qui concerne les prêts d'état à état et les stabilisations d'intérêt de plus de 25 millions d'euros, le dossier, une fois reçu l'avis positif du Comité FINEXPO, doit passer au Conseil des Ministres.

² DCD/DAC(2007)34 : « On entend par « Aide publique au développement » tous les apports de ressources qui sont fournis aux pays et territoires sur la Liste des bénéficiaires d'APD, ou à des institutions multilatérales, et qui répondent aux critères suivants :

- i. Emaner d'organismes publics, y compris les états et les collectivités locales, ou d'organismes agissant pour le compte d'organismes publics.
- ii. Sachant que chaque opération doit en outre
 - a. Avoir pour but essentiel de favoriser le développement économique et l'amélioration du niveau de vie des pays en développement.
 - b. Etre assortie de conditions favorables et comporter un élément de libéralité au moins égal à 25% (sur la base d'un taux d'actualisation de 10%).

Sont exclus les subventions, prêts et crédits à des fins militaires. »

³ DCD/DAC(2001)12/FINAL – Recommandation initialement élaborée pour les Pays les Moins Avancés (PMA), catégorie de pays créée en 1971 par les Nations Unies regroupant les pays les moins développés socio-économiquement de la planète.

⁴ L'initiative en faveur des Pays Pauvres très Endettés est un système mis en place par le FMI pour maîtriser le problème de la dette extérieure de ces pays fortement endettés. Seuls 8 PPTTE ne figurent pas dans la liste actuelle des PMA : Bolivie, Cameroun, Congo Brazzaville, Côte d'Ivoire, Ghana, Guyane, Honduras, Nicaragua.

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efficace promue par la Déclaration de Paris et les travaux du CAD en général. »⁵ L'évaluation mettra en œuvre cette décision acceptée lors du Forum de Haut niveau de Accra en septembre 2008.

L'évaluation aura deux volets distincts : d'une part, elle vérifiera la pertinence, la cohérence, l'efficacité et l'efficience de FINEXPO comme instrument de coopération au développement ainsi que la durabilité des financements réalisés ; d'autre part elle évaluera la pertinence, l'efficacité, l'efficience et l'impact de FINEXPO comme outil d'appui au commerce extérieur. L'évaluation examinera si des adaptations de FINEXPO sont souhaitables pour le fonctionnement de l'outil dans un contexte davantage délié.

A ce jour aucune évaluation de ce type n'a été réalisée.

2. Contexte international

2.1. Arrangement de l'OCDE sur les crédits à l'exportation bénéficiant d'un soutien public

Les activités de FINEXPO sont soumises simultanément à des règles de fonctionnement internes (cfr infra) et aux prescriptions de l'OCDE qui découlent des termes de l'« Arrangement sur les crédits à l'exportation bénéficiant d'un soutien public » (1978).

Les parties prenantes à l'Arrangement sont communément appelées « les Participants ». Il s'agit de l'Australie, le Canada, les Etats Membres de l'Union européenne, les Etats-Unis, le Japon, la Norvège, la Nouvelle-Zélande, la République de Corée et la Suisse.

L'Arrangement constitue une exception aux règles générales de la concurrence. Dans des limites strictes, il autorise les Participants à accorder certaines aides publiques selon les grands principes suivants :

- L'aide octroyée doit cibler des pays en développement figurant sur la liste des pays éligibles à l'aide, établie par la Banque mondiale en se basant sur le RNB/hab⁶.
- L'aide publique ne peut pas être accordée pour des projets qui seraient commercialement viables s'ils étaient financés aux conditions du marché.
- Les Participants doivent assortir les crédits accordés d'un niveau minimum de concessionnalité (au moins 35 % ou 50% si c'est un PMA⁷).

L'Arrangement crée le cadre institutionnel dans lequel certaines aides aux exportations sont autorisées. Il vise à favoriser une concurrence fondée sur la qualité et le prix et à réguler l'aide publique aux crédits à l'exportation.

L'Arrangement s'inscrit dans le prolongement du « Consensus » sur les crédits à l'exportation conclu en 1976 par plusieurs Etats membres de l'OCDE. Avant cette date, l'absence de règles poussait les Etats dans une surenchère de subventions aux exportateurs nationaux, rivalisant pour l'acquisition de marchés étrangers.

L'Arrangement assigne des limites aux conditions et modalités des crédits à l'exportation qui bénéficient d'un soutien public, notamment des taux d'intérêt minimums, des primes de risque et des délais maximums de remboursement, et impose des restrictions à l'octroi de crédits d'aide liée. Il prévoit des procédures de notification préalable, de consultation, d'échange d'informations et d'examen pour les aides à l'exportation ainsi que pour les offres de crédits d'aide liée.

⁵ Cfr. courrier du Ministre Charles Michel du 29/04/2008 adressé au Président du CAD, Mr. Eckhard Deutscher.

⁶ L'éligibilité ou l'inéligibilité à l'aide concessionnelle repose donc sur les statistiques de la Banque mondiale en matière de RNB/habitant. Le principe adopté est le suivant : un pays sera ajouté à la liste des pays éligibles ou sera radié de cette liste lorsque son RNB/habitant aura été pendant 2 années consécutives inférieur ou supérieur au seuil de RNB/habitant reconnu comme critère d'éligibilité à l'aide concessionnelle.

⁷ Il s'agit des pays dont le RNB par habitant est inférieur à 750 USD (moyenne sur 3 ans 2002-2004). Ils présentent les indices de développement humain (IDH) les plus faibles et une vulnérabilité économique importante et bénéficient à ce titre d'une attention particulière de la part de la communauté internationale.

L'Arrangement est un *gentleman's agreement* entre les Participants. Il ne constitue pas un Acte de l'OCDE mais jouit du soutien administratif du Secrétariat de l'Organisation. Cependant, l'Arrangement a valeur contraignante dans les Etats Membres de l'Union européenne. En effet, l'Arrangement est intégré dans le droit de la Communauté européenne par une décision du Conseil européen du 4 avril 1978⁸.

2.2. Le déliement de l'aide et ses évolutions

L'aide non liée ou déliée est une aide qui peut être utilisée librement par le pays qui la reçoit pour acheter des biens et services auprès de fournisseurs de tous les pays de l'OCDE et de pratiquement tous les pays en développement. A l'inverse, l'aide liée consiste à réserver les marchés à des fournisseurs du pays donneur.

Depuis trois décennies, les débats sur l'efficacité de l'aide se sont focalisés sur la question du déliement ou non de l'aide et ses implications. Les analyses ont démontré que l'aide liée coûte plus cher⁹ et qu'elle est moins efficace que l'aide déliée. L'appropriation par les bénéficiaires de l'aide liée serait également plus difficile que celle de l'aide déliée.

En 2001, les états membres du CAD ont émis une Recommandation sur le déliement de l'aide en faveur des PMA. Celle-ci est entrée en vigueur le 1er janvier 2002. Une évaluation de la mise en œuvre de cette recommandation est en cours¹⁰. Il apparaît déjà que la notification ex ante et ex post de l'aide déliée ainsi que son rapportage statistique pose des problèmes.

La question du déliement de l'aide et des progrès à réaliser en la matière a également été intégrée dans les Objectifs du Millénaire (Objectif 8 - Target 35) et dans la Déclaration de Paris sur l'Efficacité de l'aide en 2005 (Indicateur 8).

En mai 2008, les ministres du développement des pays donateurs se sont mis d'accord pour une extension du champ d'application de la Recommandation. Cette décision vise un élargissement des conditions du déliement à tous les pays PPTE. Toute l'aide adressée à ces pays devrait être entièrement déliée à partir du 1er octobre 2008.

L'APD belge est déliée à 97%. La Belgique a néanmoins demandé à l'OCDE un moratoire de deux ans avant de mettre en œuvre la Recommandation élargie. Elle souhaite mettre à profit cette période (allant d'octobre 2008 à octobre 2010) pour mener une évaluation de FINEXPO.

En effet, on constate d'une part que les interventions subsidiées par FINEXPO sont quasi exclusivement de l'aide liée (c'est le cas de toutes les bonifications et de tous les prêts d'état à état sauf 4) et d'autre part que ces 8 pays PPTE comptent pour une part importante dans les financements octroyés ces dernières années. En effet sur la période 2004-2007 ils représentent 38,58 % en moyenne des montants accordés.

On peut s'attendre à une poursuite des discussions sur le déliement de l'aide car certains états sont favorables à un élargissement de la Recommandation 2001 à une à d'autres pays que les seuls PMA et PPTE, tandis que d'autres sont favorables à un approfondissement de la Recommandation en termes de contenu et souhaitent élargir le déliement à l'aide alimentaire et à l'assistance technique.

⁸ Cette décision a été depuis modifiée à plusieurs reprises (97/173/CE, 97/530/CE, etc) pour intégrer les actualisations de l'Arrangement.

⁹ Cfr. étude du Prof. Jepina (1991).

¹⁰ Le rapport de la phase I est sorti en septembre 2008. Cette évaluation portait plus spécifiquement sur les résultats atteints au niveau déliement de l'aide et sur les processus de changement de comportement des donateurs suite à la Recommandation 2001 (facteurs favorisant le déliement ou non). La phase II portera sur des études de cas.

3. Contexte belge

3.1. Le commerce extérieur au niveau de l'état belge

Le Commerce extérieur est une compétence qui a été défédéralisée lors de la réforme de l'Etat en 1988¹¹.

A ce jour il s'agit d'une compétence régionalisée mais l'autorité fédérale a conservé certaines compétences résiduelles.

Certains instruments ont en effet été maintenus au niveau fédéral avec une participation significative des régions, à savoir, l'Agence pour le Commerce Extérieur, l'Office National du Ducroire (assurances crédit), FINEXPO (crédits bénéficiant d'un soutien public) ainsi que la Société Belge d'Investissement International – SBI (soutien financier aux investissements belges à l'étranger).

En pratique, les acteurs principaux sont :

Le Service public fédéral des Affaires économiques, des PME, des classes moyennes et de l'Energie
- dispose d'un service « d'accueil des investisseurs étrangers » qui diffuse un guide des investisseurs, entretient un site web « Invest in Belgium » et tient à jour les règlements européens (infodesk marché unique) ainsi que les formalités administratives pour les investisseurs :

- coordonne la cellule interministérielle autorités fédérales (SPF Affaires économiques et SPF Affaires étrangères)/autorités régionales portant sur les investissements. Cette cellule se réunit mensuellement pour évaluer le climat d'investissement.

- dispose d'une cellule dans le service « Bestuur Economisch Potentieel » qui est chargée de défendre les intérêts économiques de la Belgique dans le domaine de l'exportation, par le biais de l'OCDE (groupe crédit à l'exportation), de Finexpo et de l'Office National du Ducroire. Elle assure également le secrétariat du "Point de contact national", organe responsable de la promotion et de la mise en œuvre des Principes directeurs des entreprises multinationales de l'OCDE. Enfin elle coordonne la politique en matière de développement durable et de responsabilité sociétale des entreprises, dans le respect de la réglementation nationale et internationale.

Le Service public fédéral des Finances

- élabore, avec le SPF des Affaires étrangères, du Commerce extérieur et de la Coopération au développement, les accords bilatéraux sur la protection mutuelle des investissements et les accords visant à éviter les doubles impositions.

- assure la vice-présidence et le secrétariat du comité FINEXPO (Financement des exportations et assurance-crédit) qui examine les possibilités d'octroi d'une intervention publique en matière de crédits à l'exportation. Le Comité FINEXPO se réunit une fois par mois. Ses instruments financiers sont la stabilisation des taux d'intérêts, les bonifications d'intérêts simples, les bonifications d'intérêts assorties de dons complémentaires, les dons purs ainsi que les prêts d'Etat à Etat.

¹¹ Le cadre institutionnel est le suivant :

- La Loi de réformes institutionnelles du 8 août 1988 déclare les Régions compétentes pour la politique en matière de débouchés et d'exportations, sans préjudice d'une politique nationale de coordination, de promotion et de coopération en la matière ;
- Les organismes régionaux de promotion du commerce extérieur sont créés au début des années 90 : AWEX en février 1990, Export Vlaanderen et Bruxelles Export en 1991 (respectivement en janvier et en août) ;
- Les accords de la Saint-Michel de 1992, traduits dans la Loi spéciale du 16 juillet 1993, organisent la régionalisation du Fonds du Commerce extérieur et des attachés économiques et commerciaux ;
- La Loi spéciale du 13 juillet 2001 prévoit deux dispositions :
 - la régionalisation de la politique des débouchés et des exportations, à l'exception des domaines suivants :
 - i. l'octroi des garanties contre les risques à l'exportation, à l'importation et à l'investissement (FINEXPO et Office national du Ducroire)
 - ii. la politique commerciale multilatérale
 - L'accord de coopération, conclu le 24 mai 2002, crée l'Agence pour le Commerce extérieur (ACE) qui succède à l'Office belge du Commerce extérieur (OBCE). L'ACE ne relève pas, contrairement à l'OBCE, de la compétence du Ministre fédéral chargé du Commerce extérieur.

Le Service public fédéral des Affaires étrangères, du Commerce extérieur et de la Coopération au développement

- coordonne la politique commerciale multilatérale (OMC, OCDE) et la politique commerciale européenne. La ligne de conduite est que la Belgique continue de plaider pour une libéralisation plus poussée des échanges commerciaux internationaux, tout en prêtant une attention à certaines valeurs considérées comme indispensables dans notre société : la diversité culturelle, la protection sociale, la sécurité alimentaire et la protection de l'environnement ;
- assure la présidence et le secrétariat du comité FINEXPO (Financement des exportations et assurance-crédit) (cfr supra)
- préside la « commission d'avis sur l'octroi des subsides pour la promotion des exportations ». Ces subsides sont destinés aux chambres de commerce et d'industrie belges à l'étranger ou aux chambres de commerce mixtes et business clubs en Belgique ;
- sélectionne les conseillers du commerce extérieur et les consuls honoraires

Les organismes parastataux

- [L'Agence pour le commerce extérieur](#)

Créée en 2003, l'ACE a pour mission l'organisation des missions commerciales conjointes à l'initiative d'une ou de plusieurs régions ou sur demande de l'autorité fédérale ; ainsi que l'organisation, le développement et la diffusion d'informations, d'études et de documents concernant les marchés extérieurs.

- [L'Office national du Ducroire](#)

L'OND est un organisme autonome qui bénéficie de la garantie de l'Etat. Il a pour fonction de favoriser les relations économiques internationales, essentiellement par la couverture des risques dans le domaine de l'exportation, de l'importation et des investissements à l'étranger.

Le Ducroire est également habilité à couvrir les risques de change, à assurer des opérations de transit, à intervenir dans le financement des exportations et à exercer pour le compte de l'Etat toute mission que celui-ci lui conférerait en matière technique, financière ou de représentation. L'assurance du crédit s'applique principalement aux marchés hors OCDE.

- [La Société belge d'Investissement International \(SBI\)](#)

La SBI assure le co-financement à long terme d'investissements à l'étranger d'entreprises belges. Ses activités s'étendent au monde entier et sont orientées vers la création de nouvelles joint-ventures ou filiales et l'acquisition, la restructuration et le développement de sociétés existantes.

Les entités fédérées et leurs organismes spécifiques

- [L'Agence wallonne à l'Exportation et aux Investissements étrangers \(AWEX\)](#) est le département de la Région wallonne en charge de la promotion du commerce extérieur et de l'accueil des investisseurs étrangers. L'AWEX soutient les projets à l'exportation des entrepreneurs wallons.

- [Flanders Investment Trade \(FIT\)](#) développe le commerce international des entrepreneurs flamands et guide les investisseurs étrangers vers les opportunités d'investissement existant en Flandre.

- [Brussels Export](#) assure la promotion des entreprises bruxelloises à l'étranger et accompagne les exportateurs bruxellois dans leurs démarches à l'exportation.

3.2. FINEXPO

3.2.1 Structure

Avant la création de FINEXPO, il existait deux comités indépendants avec chacun des compétences propres :

- Copromex (Comité pour la promotion des exportations) était rattaché au Ministère des Affaires étrangères, Commerce extérieur et Coopération au Développement ; il examinait les demandes de stabilisation de taux d'intérêt et les demandes de supersubsides (maintenant bonifications d'intérêt)
- Le Comité interdépartemental des prêts d'Etat à l'Etat était rattaché au Ministère des Finances et examinait uniquement les demandes de prêts d'Etat.

En 1997, il a été décidé de fusionner les deux Comités et d'en donner la présidence au Ministère des Affaires étrangères, Commerce extérieur et Coopération au Développement et la vice-présidence au Ministère des Finances. Les procédures en vigueur ont été simplifiées et continuent à relever de la compétence des deux administrations précitées.

3.2.2. Instruments

Pour soutenir les exportations, FINEXPO dispose de cinq types d'instruments financiers. L'un est purement commercial (stabilisations d'intérêts) et les autres sont à caractère concessionnel. Pour rappel seuls ces derniers feront l'objet de l'évaluation. Il s'agit des :

a/ **Bonifications d'intérêts** : il s'agit d'interventions qui ont pour effet de réduire considérablement les taux d'intérêt liés aux crédits à l'exportation et d'assurer la stabilité de ces taux pendant toute la durée du remboursement. L'intervention de FINEXPO au moyen d'une bonification d'intérêt a pour conséquence de ramener le taux d'intérêt garanti à 0%.

Les bonifications d'intérêt comportent nécessairement un élément de « don » de 35%.

b/ Bonifications d'intérêt avec don

Une bonification peut être combinée avec un don. Le but de cet instrument est de réduire, par le moyen du don, tant la période de remboursement du crédit d'aide que la prime Ducroire y afférente (celle-ci est particulièrement élevée pour certains pays). Cet instrument est dès lors utilisé principalement pour des projets dans les pays en développement classés par l'Office national du Ducroire dans les catégories de prime 5 et 6 (risque commercial élevé). Le don et la bonification doivent ensemble respecter un élément concessionnel d'au moins 35%. Dans la partie bonification on garantit un taux d'intérêt de 0% comme chez la bonification normale.

c/ Dons purs

Cet instrument consiste en un don de 35% sans bonification d'intérêt. L'instrument est utilisé pour des petits projets avec un montant de contrat de maximum 2.500.000€. Le don pur s'adresse davantage aux PME et sociétés de services.

d/ Prêts d'Etat à Etat

Ce système, institué en 1964, autorise le Ministre des Finances et le Ministre compétent pour le Commerce extérieur à octroyer conjointement une assistance financière à des pays en voie de développement afin de leur permettre d'acquérir en Belgique, à des conditions de crédit très favorables, des biens d'équipements et des services indispensables pour leur développement économique et social. C'est ce qu'on appelle l'aide liée. Pour les pays les moins avancés l'aide est déliée depuis le 01 janvier 2002 ; cela signifie que le prêt ne doit pas nécessairement être utilisé pour des achats de biens ou de services en Belgique

Les prêts d'Etat sont accordés à des conditions très favorables : le délai de remboursement est de 30 ans avec une période de grâce de 10 ans. L'intérêt est de 0 ou 2 % en fonction du PNB/hab du pays bénéficiaire.

Les prêts d'Etat sont presque toujours combinés à des prêts commerciaux. Il s'agit donc dans la plupart des cas, d'un « financement mixte ». Pour satisfaire aux critères de l'Arrangement OCDE, ces financements mixtes doivent comporter un élément « don » de 50 % minimum pour les PMA et de 35 % pour les autres pays en développement.

3.2.3. Procédure

Les projets soumis à un financement FINEXPO sont examinés sur leurs mérites intrinsèques et doivent répondre aux critères suivants :

- la transaction doit porter sur l'exportation de biens d'équipements ou de services belges ;
- la concurrence étrangère doit être de telle nature qu'une aide financière est indispensable pour pénétrer sur le marché concerné ;
- le projet doit avoir une pertinence pour le développement (DGD) ;
- le projet ne doit pas être commercialement viable et doit comporter un élément de concessionnalité de 35 % minimum ;
- le taux de participation belge doit être suffisant ;

Lors de l'appréciation des projets, le Comité FINEXPO se fonde par ailleurs également sur les éléments suivants en fonction du projet présenté :

- il y a un intérêt du projet pour l'économie belge (MINECO) ;
- le contrôle du prix par rapport aux prix du marché (MINECO, + CTB pour certains prêts d'état) ;

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- l'importance du projet et de sa réalisation pour les autorités du pays bénéficiaires (Ambassade) ;
- les compétences locales pour utiliser les équipements fournis, formation, suivi, entretien, pièces détachées,.... ;
- l'impact environnemental du projet (Ducroire) ;
- l'analyse de l'état d'endettement du pays et sa capacité à rembourser le crédit octroyé (sur base de données de la Banque mondiale) ;
- les disponibilités financières (FINEXPO).

rem : les organismes chargés du suivi des critères respectifs sont mentionnés entre parenthèses

La loi du 25 mai 1999 sur la coopération internationale ne s'applique pas aux instruments FINEXPO. Ils ne sont donc pas soumis à la politique de concentration sectorielle et thématique de la DGCD.

3.2.4. APD

Les prêts d'Etat à état, les bonifications d'intérêt (avec ou sans don) et les dons purs sont des crédits d'aide et sont par conséquent soumis aux règles stipulées dans l'Arrangement OCDE. Ils comportent nécessairement un élément « don » de 35 % au moins (et de 50% dans le cas d'un prêt d'Etat à un PMA). De ce fait ils rentrent dans la définition de l'APD utilisée par le CAD (cfr supra) et sont comptabilisés statistiquement comme Aide publique belge.

3.2.5. Concentration géographique et volume d'activités

Entre 1997 et 2008 ont été octroyés :

- 63 prêts d'Etat dans 31 pays différents et 4 d'entre eux étaient des prêts déliés ;
- 34 bonifications dans 12 pays différents ;
- 11 bonifications + don dans 5 pays différents ;
- 1 don pur.

Au total les financements concessionnels de FINEXPO sur la période à évaluer ont 38 pays destinataires différents.¹²

En termes de volume d'activités, les tableaux ci-dessous éclairent la répartition des financements octroyés aux principaux pays bénéficiaires.

Tête du classement des Prêts d'Etat à Etat en fonction des montants octroyés sur la période 1997-2008

	PEE	Montant	Nombre de dossiers
1	Ghana	33.564.119,52 €	7
2	Algérie	25.127.405,87 €	4
3	Tunisie	22.222.556,64 €	4

Tête du classement des Prêts d'Etat à Etat en fonction du nombre de dossiers octroyés sur la période 1997-2008

	PEE	Montant	Nombre de dossiers
1	Ghana	33.564.119,52 €	7
2	Mozambique	4.106.360,00 €	5

mais représente seulement 2,3% des budgets octroyés

¹² Algérie, Bangladesh, Bosnie-Herzégovine, Burkina Faso, Cameroun, Cap Vert, Chine, Congo RDC, Côte d'Ivoire, Croatie, Equateur, Ethiopie, Gambie, Ghana, Guinée (Conakry), Honduras, Jamaïque, Jordanie, Kenya, Malawi, Maldives, Mali, Mongolie, Mozambique, Népal, Nicaragua, Ouzbékistan, Philippines, République dominicaine, Sao Tome, Sénégal, Soudan, Tanzanie, Tunisie, Turquie, Vietnam, Zambie, Zimbabwe.

Tête du classement des bonifications en fonction des montants octroyés sur la période 1997-2008

	Bonifications	Montant	Nombre de dossiers
1	Jamaïque	86.203.358,95 €	7
2	Algérie	69.393.722,58 €	7
3	Ghana	62.778.876,68 €	6
4	Vietnam	50.984.126,45 €	13

Tête du classement des bonifications en fonction du nombre de dossiers octroyés sur la période 1997-

	Bonifications	Montant	Nombre de dossiers
1	Vietnam	50.984.126,45 €	13
2	Algérie	69.393.722,58 €	7
2	Jamaïque	86.203.358,95 €	7
3	Ghana	62.778.876,68 €	6

3.2.6. Gestion courante et budgets

Depuis 2004 le budget affecté au travers de ces outils concessionnels de FINEXPO est intégré officiellement dans celui de la DGCD (division 14 54)¹³. La gestion courante des dossiers reste toutefois partagée entre le SPF AE et le SPF Finances. La Direction des Affaires bilatérales du SPF Affaires étrangères, Commerce extérieur et Coopération au Développement assure la gestion des bonifications d'intérêts (avec ou sans don) et des dons purs via son Service d'Aide financière à l'exportation. Les prêts d'état quant à eux sont gérés au quotidien par le SPF Finances et plus particulièrement l'administration de la Trésorerie et son service Questions financières internationales et européennes.

4. Les objectifs de l'évaluation

L'évaluation s'articule autour de deux volets principaux :

- **FINEXPO comme instrument de l'aide au développement**
Les financements concessionnels de FINEXPO étant comptabilisés en APD, l'évaluation devra apprécier la plus value de FINEXPO du point de vue de la coopération au développement. Elle examinera la pertinence, la cohérence, l'efficacité, l'efficience et la durabilité des investissements réalisés du point de vue du développement économique et social des pays bénéficiaires.
- **FINEXPO en tant qu'instrument de promotion du commerce extérieur**
La finalité première de FINEXPO est d'être un instrument de promotion du commerce extérieur. L'évaluation appréciera la qualité de l'instrument en fonction de cette finalité.

L'évaluation tiendra compte du changement de contexte de la coopération au développement qui impose davantage d'aide déliée qu'auparavant. Elle procédera également à un examen des instruments poursuivant des finalités similaires à celles de FINEXPO dans d'autres pays européens (structures de gestion, instruments et produits utilisés).

5. Champ de l'évaluation

L'évaluation examinera l'ensemble des prêts d'Etat, des bonifications d'intérêt (avec ou sans don) et dons purs sur la période 1997-2008. La période sous évaluation débutera donc avec la mise en vigueur de l'AR de 1997 et courra jusqu'au 2ème semestre 2008 inclus. Elle devra tenir compte des changements intervenus dans la réglementation belge pendant cette période et éventuellement de ceux intervenus dans le cadre réglementaire international applicable.

¹³ Auparavant les bonifications étaient imputées sur un budget des Affaires étrangères hors DGCD et les prêts d'Etat à Etat sur un budget du Ministère des Finances. Les dépenses étant néanmoins déjà comptabilisées comme APD dans la notification auprès du CAD.

6. Les questions d'évaluation

Les questions et points d'attention mentionnés ci-dessous devront être complétés et développés par les consultants.

6.1. FINEXPO comme instrument de l'aide au développement

Pertinence pour le développement

- Dans quelle mesure FINEXPO trouve-t-il un équilibre entre les aspects de soutien commercial aux entreprises belges d'une part et la pertinence de ses interventions pour le développement d'autre part ?
- Les projets soutenus sont-ils pertinents pour le développement ? quel est la qualité des avis demandés à cet égard et dans quelle mesure sont-ils pris en compte ?
- FINEXPO assure-t-il un suivi ou une évaluation des projets en cours ou terminés, notamment du point de vue de la pertinence pour le développement ?

Cohérence

- Dans quelle mesure FINEXPO aligne-t-il ses efforts sur les priorités des autorités locales et se coordonne-t-il avec d'autres partenaires (Banques de développement, autres pays, entités fédérées belges,...)
- L'appréciation des projets soutenus par FINEXPO découle d'une analyse des différents critères mentionnés ci-dessus sous 3.2.3, et notamment celui du développement. Quel est le poids réel de chacun des critères ?

Efficacité

- Dans quelle mesure les projets soutenus ont-ils atteint leurs objectifs ? Ont-ils un effet (direct ou indirect) sur le développement ?
- Y-a-t-il un système de suivi (M&E) qui rende possible l'analyse des résultats?
- Dans quelle mesure FINEXPO tient-il compte dans la sélection des projets de la qualité de la gouvernance du pays concerné ?

Efficience

- A qualité égale, l'aide liée entraîne-t-elle un surcoût par rapport aux prix du marché ? FINEXPO dispose-t-il d'outils pour le vérifier ?
- Les moyens affectés au soutien aux exportations l'ont-ils été de manière efficiente ? les procédures sont-elles optimales ? le choix de l'outil était-il le plus opportun ? quel est le ratio coûts de gestion/dépenses ?
- Dans quelle mesure le mode d'administration du budget FINEXPO (réparti entre plusieurs services publics) a-t-il une influence sur le poids accordé à la dimension du développement ?

Impact

- L'aspect de durabilité (technique, sociale et environnementale) entre-t-il en ligne de compte pour le choix des projets à soutenir ? Si oui, quelles sont les garanties recherchées et/ou apportées ?
- Quel est l'impact des projets soutenus (sur l'emploi, les ressources naturelles, etc) ? Apportent-ils une contribution réelle au développement du pays ?

6.2. FINEXPO en tant qu'instrument de promotion du commerce extérieur

Au regard de cette finalité, l'évaluation examinera notamment les points suivants :

Pertinence

- Les procédures de FINEXPO, notamment la procédure préalable ;
- La complémentarité des instruments de FINEXPO et ceux des services spécialisés des entités fédérées ;
- La clarté et le détail des critères de choix des projets ;
- Le portefeuille d'entreprises de FINEXPO et son évolution.

- Quelle part représente les exportations soutenues par FINEXPO dans les exportations de la Belgique vers les pays ciblés par l'Arrangement? Comment évolue-t-elle ?
- Efficacité**
- La visibilité de FINEXPO auprès de ses clients potentiels et la facilité d'accès aux services de FINEXPO ?
 - L'efficacité de l'outil FINEXPO et de ses différents instruments pour la promotion du commerce extérieur belge : ont-ils permis aux entreprises concernées d'obtenir le marché convoité? Dans quelle mesure d'autres pays sont plus ou moins efficaces dans leur aide ?
 - Les services prestés par FINEXPO, notamment l'aide apportée à la préparation de dossiers
 - L'utilité et l'adéquation des procédures, des ressources disponibles et des instruments mis en place aux besoins de la clientèle ?
 - Les actions, notamment de promotion, entreprises par FINEXPO vers les entreprises, les pays bénéficiaires, les ambassades, les chambres de commerce et autres services publics belges, européens ou étrangers
 - L'existence de mécanismes de suivi et d'évaluation des projets ?
 - Dans quelle mesure FINEXPO et le Ducroire présentent-ils des tendances similaires au niveau du taux de remboursement?
- Efficiences**
- quel est le ratio coûts de gestion/dépenses ?
- Impact**
- Dans quelle mesure les entreprises ont-elles conquis une part de marché dans les pays concernés? Y-a-t-il un effet multiplicateur pour l'entreprise elle-même ainsi que ses sous-traitants dans le pays concerné et dans les pays voisins?

6.3. Etude comparée (Benchmarks)

Pour compléter son jugement, l'évaluation examinera les structures de gestion et les instruments mis en place dans d'autres pays européens (Allemagne, Danemark, France, Pays-Bas, Espagne) dont les activités rentrent dans le champ d'application de l'arrangement de l'OCDE. Le cas échéant, l'évaluation rendra compte de l'évolution de ces instruments, notamment au regard du déliement de l'aide financière.

7. Méthode et approche

Les évaluateurs respecteront les normes et standards du Comité d'aide au Développement (CAD) de l'OCDE et utiliseront les définitions formulées par celui-ci¹⁴.

Les évaluateurs expliciteront dans leur offre les méthodes et l'approche envisagées pour l'évaluation et les détailleront dans la note méthodologique. La méthodologie utilisée devra produire des informations fiables tant quantitatives que qualitatives.

8. Déroulement de l'évaluation

L'évaluation a plusieurs étapes : une réunion de démarrage, une note méthodologique, une phase d'étude documentaire, une phase de terrain et une phase d'analyse. L'échéancier pour les rapports et les dates pour les réunions du comité de pilotage seront déterminés lors de la réunion de démarrage.

8.1. Réunion de démarrage

Lors de cette réunion le chef d'équipe présente son approche de l'évaluation afin de donner l'occasion au comité de pilotage de réagir et de donner des conseils, si nécessaire. Le chef d'équipe y

¹⁴ Voir notamment « Normes du CAD pour une évaluation de qualité » et « Glossaire des principaux termes relatifs à l'évaluation et à la gestion axée sur les résultats », www.ocde.org/CAD.

présentera également les processus qu'il a sélectionnés pour définir les questions d'évaluation complémentaires.

Cette réunion fournit l'occasion de régler certains aspects pratiques : première rencontre avec les consultants, remise aux consultants de documents et de données de contact, calendrier, organisation des missions, etc.

8.2. Note méthodologique

Sur la base des dispositions techniques et de l'offre, les évaluateurs rédigeront une note méthodologique comprenant notamment :

- une analyse des parties prenantes (stakeholders' analysis) de façon à identifier l'ensemble des acteurs impliqués
- les questions d'évaluation ;
- les critères de jugement pour chaque question d'évaluation ;
- les indicateurs par critère de jugement (au moins 2) ; les évaluateurs consulteront la littérature spécialisée afin d'identifier des indicateurs pertinents ;
- les méthodes de collecte et la structuration de l'information pour la phase documentaire ;
- les méthodes de collecte et la structuration de l'information pour la phase de terrain avec une attention particulière à la collecte d'informations auprès des bénéficiaires finaux ;
- une méthode de sélection d'un échantillon équilibré et représentatif des projets mis en œuvre par les entreprises belges au Ghana et au Vietnam. En vue d'établir cet échantillon, les évaluateurs prendront en compte notamment les critères suivants :
 - projets de grandes et de petites entreprises ;
 - les secteurs d'activités les plus importants ;
 - base géographique (ville / campagne)
 Les évaluateurs établiront une grille de sélection à partir de ces critères et d'autres s'ils l'estiment utile.
- un chronogramme indicatif des visites de terrain (pour lequel il sera tenu compte le cas échéant de périodes sensibles pour des motifs culturels, politiques ou religieux).

Cette note sera rédigée en français, néerlandais ou anglais.

8.3. La phase d'étude documentaire

La phase d'étude est divisée en 2 parties distinctes mais qui peuvent se chevaucher dans le temps :

- Lecture et analyse des textes de référence, notamment :
 - le cadre réglementaire belge et international (essentiellement OCDE) portant d'une part sur la coopération au développement et d'autre part sur le soutien public aux exportations ;
 - la littérature belge et étrangère relative notamment au déliement de l'aide, à la coopération financière et aux instruments d'appui au commerce extérieur ;
 - les documents et rapports relatifs à la préparation, à la mise en œuvre, au suivi et, le cas échéant, à l'évaluation des projets à évaluer ;
 - le rapport de l'évaluation interne des instruments FINEXPO ;
- Entrevues avec, notamment :
 - le Président et les membres du comité FINEXPO ;
 - les représentants des cellules stratégiques concernées ;
 - l'administration en charge des dossiers au sein des différents ministères ;
 - le Ducroire ;
 - l'Inspecteur des Finances ;
 - les services des entités fédérées en charge du commerce extérieur ;
 - le CAD et le Comité des échanges de l'OCDE ;

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- les représentants des structures d'appui au commerce extérieur et à la coopération financière (allemandes, danoises, françaises, néerlandaises et espagnoles);
- des institutions financières et des entreprises concernées.

Cette liste n'est pas exhaustive et peut être élargie en fonction de l'analyse des parties prenantes.

La phase d'étude se clôturera par un rapport d'étude documentaire en néerlandais, français ou anglais qui contiendra les éléments suivants :

- les conclusions de la phase d'étude
- les éventuelles lacunes d'information identifiées
- les hypothèses à vérifier sur le terrain
- la structure du rapport final

Le rapport d'étude sera présenté lors d'une réunion du comité de pilotage où le rapport fera sujet d'une discussion.

8.4. La phase des missions de terrain

Les missions de terrain seront effectuées dans les pays suivants : Ghana (9 projets) et Vietnam (13 projets). Pour l'accomplissement des visites de terrain, les évaluateurs impliqueront des consultants locaux et travailleront en binôme avec ceux-ci. La méthodologie proposée devra assurer la collecte d'une information nécessaire et suffisante, vérifiée auprès des partenaires contractuels et dans la mesure du possible des bénéficiaires finaux.

Chaque mission de terrain fera l'objet d'entrevues avec notamment :

- les entreprises concernées
- le cas échéant l'Ambassade de Belgique et le Représentant Résident de la CTB;
- le(s) ministère(s) locaux concerné(s) ;
- les autorités locales concernées ;
- les partenaires techniques locaux concernés ;
- des bénéficiaires.

Cette liste n'est pas exhaustive et peut être élargie en fonction de l'analyse des parties prenantes.

Les missions de terrain donneront lieu à une présentation à la fin de la mission afin de communiquer les principales constatations. Le but en est que les parties prenantes aient la possibilité de réagir et que les consultants puissent tenir compte des remarques. Les consultants feront une proposition de personnes à inviter pour cette réunion. Les consultants sont responsables de l'organisation de cette présentation.

Les constatations faites sur le terrain feront l'objet d'une note par pays, qui sera rédigée en français, néerlandais ou anglais. Les notes seront présentées au comité de pilotage. Les consultants donneront les principales conclusions issues des missions de terrain. Si possible, une première analyse sera faite.

Les commentaires et remarques reçus par les consultants seront repris dans une annexe à la fin du rapport pays (voir Annexe 1). Au cas où les consultants ne seraient pas d'accord avec certaines remarques, il leur est demandé d'expliquer pourquoi.

8.5. Phase d'analyse et rapport final

Dans la phase d'analyse toutes les informations des phases précédentes seront analysées dans le cadre des enjeux principaux de cette évaluation : la qualité des prestations de FINEXPO en tant qu'outil de développement d'une part et comme outil de commerce extérieur d'autre part.

Etape 1 :

Les consultants remettront au pouvoir adjudicateur un **rapport provisoire** établi selon le schéma suivant :

- Introduction
 - Table des matières
 - Table des tableaux
 - Table des graphiques
 - 1. Synthèse
 - 2. Méthodologie
 - 3. Constats
 - 4. Analyses et facteurs explicatifs
 - 5. Conclusions et enseignements
 - 6. Améliorations souhaitables (recommandations), structurées en fonction de leurs destinataires
- Les annexes contiendront notamment
- 1. les termes de référence
 - 2. la liste des personnes interviewées
 - 3. la liste des documents consultés

La partie narrative du rapport ne pourra dépasser 60 pages. Ce rapport ne reprend pas le détail de la note méthodologique ni du rapport de l'étude documentaire. Tout matériel important sera joint en annexe.

Ce rapport provisoire sera discuté au comité de pilotage. Les commentaires seront ensuite communiqués par écrit aux consultants.

Les consultants se positionneront par rapport à ces commentaires et indiqueront quelles actions ils entreprendront par rapport à ceux-ci. Une grille destinée à cet usage se trouve en pièce jointe.

Etape 2 :

Sur base de ces échanges, les consultants produiront un **projet de rapport final** (sur le même modèle que le rapport provisoire).

Les consultants rédigeront également une synthèse reprenant, en 6 pages max, les éléments essentiels du rapport d'évaluation et les principales améliorations proposées. Cette synthèse doit pouvoir être lue et comprise indépendamment du rapport principal.

Le projet de rapport final sera soumis au comité de pilotage pour discussion.

Les commentaires et remarques reçus seront repris par les consultants dans une annexe à la fin du rapport. Au cas où les consultants ne seraient pas d'accord avec certaines remarques, ils s'en expliqueront.

Etape 3 :

Le rapport final définitif est à fournir en 5 exemplaires dans chaque langue (néerlandais, français et anglais). Un résumé de l'évaluation sera également rédigé dans les trois langues par le soumissionnaire. Enfin une copie électronique sur CD-ROM sera également remise (incluant les annexes).

Nous attirons votre attention sur le fait que :

- les consultants devront suivre strictement les instructions du SES pour la mise en page du rapport final et veilleront à la qualité de la traduction (conformité, cohérence, lisibilité).
- les conclusions devront indiquer sur quels numéros de paragraphe (dans les constats et analyses) elles sont fondées.
- toute recommandation devra correspondre à une ou plusieurs conclusions et visera à améliorer le cas échéant le fonctionnement de FINEXPO.

Il est expressément demandé que les conclusions et les recommandations soient formulées de manière précise de telle sorte qu'elles soient opérationnelles.

8.6. Restitution

Le rapport final sera présenté et commenté par l'équipe d'évaluation lors de séances de restitution avec les acteurs associés.

9. Exigences relatives aux offres des bureaux d'études

- Il est demandé aux soumissionnaires de faire une offre brève. Il n'est pas nécessaire d'expliquer les concepts généraux de la théorie de l'évaluation.

- La terminologie utilisée dans le présent cahier spécial des charges est celle du CAD de l'OCDE. Si la terminologie et/ou les définitions utilisées dans l'offre ne correspondent pas à celles du CAD, il est demandé d'indiquer clairement quelle terminologie est utilisée et/ou comment elle est définie.

- L'équipe d'évaluation devra remplir les conditions suivantes :

- expérience et connaissance de la coopération internationale au développement ;
- expérience et connaissance de la coopération belge au développement;
- expérience et connaissance dans le domaine de la coopération financière et du commerce extérieur ;
- expérience en matière d'évaluation et connaissance des méthodes d'évaluation et de collecte d'information sur le terrain ;
- connaissance des langues française et néerlandaise ainsi que de la langue officielle des pays visités.

Les membres de l'équipe d'évaluation doivent être indépendants quant aux organisations et aux interventions évaluées. Dans l'offre technique, le chef de l'équipe et le rédacteur du rapport final doivent être clairement identifiés.

- Les points maximaux attribués par critère sont indiqués au point 12.3 de la Partie A. La manière dont les offres seront cotées pour ces critères est expliquée ci-dessous:

1. Compréhension de l'objet du marché (5%)

Il est important pour les soumissionnaires de démontrer qu'ils ont bien compris le but de l'évaluation et qu'ils sont capables d'en synthétiser et reformuler les enjeux.

2. Méthodologie (15%)

L'offre des soumissionnaires doit détailler les processus prévus pour atteindre les résultats, çàd les méthodes de collecte et d'analyse de l'information.

3. Approche (10%)

Ce critère prend en compte l'examen des aspects pratiques proposés pour l'organisation de cette évaluation, en fonction de ce qui est demandé dans le cahier spécial des charges.

Quelques aspects importants :

- le phasage de l'évaluation (incluant le nombre de h x jours par consultant et par phase de l'évaluation, qui a la responsabilité de chacune des phases, quels sont les réunions avant, pendant et à l'issue de chaque phase, et quels sont les livrables à l'issue de chaque phase)
- la durée des missions de terrain tenant compte de la nature du projet et du contexte du pays où se situent les projets
- la cohérence de l'approche (rôle chef d'équipe, rôle autres consultants, co-ordination entre consultants, support logistique, contrôle de qualité, etc)
- rôle des consultants locaux
- disponibilité à Bruxelles pour entretiens, comités de pilotage, etc.
- l'équilibre linguistique (NL/FR) au sein de l'équipe
- l'équilibre genre au sein de l'équipe

4. Chef d'équipe (10%)

Le rôle et la disponibilité du chef d'équipe sont importants afin de veiller à la cohérence du travail des autres consultants et en vue de la synthèse qui sera faite. Les éléments suivants

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seront cotés positivement : la connaissance de la théorie et de la pratique de l'évaluation, la connaissance de la coopération belge, l'expérience comme chef d'équipe.

5. Connaissance et expérience de l'équipe en matière d'évaluation de la coopération au développement (20%)

L'expérience prouvée des consultants dans la théorie et la pratique de l'évaluation sera cotée positivement et en particulier dans le domaine de la coopération au développement.

6. Connaissance et expérience de l'équipe dans le domaine de la coopération financière et des outils de commerce extérieur (10%)

L'expérience professionnelle dans ces secteurs sera cotée positivement.

- Il est expressément demandé de prévoir dans l'équipe un expert/consultant local pour chaque mission dans chaque pays. L'expérience du consultant local doit être complémentaire à l'expérience du consultant international. Le consultant local doit être recruté par le soumissionnaire de l'offre. Les frais (salaire inclus) des consultants locaux sont entièrement à la charge du soumissionnaire. Les critères ci-dessus seront également appliqués sur les consultants locaux. Leurs CVs doivent donc faire partie de l'offre.

10. Calendrier indicatif

29/06/2009	Ouverture des offres
08/07/2009	Sélection de l'offre
31/07/2009	Signature du contrat et réunion de démarrage
04/09/2009	Remise de la note méthodologique
16/09/2009	Discussion de la note méthodologique
30/10/2009	Remise du rapport d'étude documentaire
18/11/2009	Discussion du rapport d'étude documentaire
Fin novembre/Début décembre	Missions de terrain
04/01/2010	Remise des rapports de terrain
13/01/2010	Discussion des rapports de terrain
12/02/2010	Remise du rapport provisoire
24/02/2010	Discussion du rapport provisoire
20/03/2010	Remise du projet de rapport final
31/03/2010	Commentaires sur le projet de rapport final
05/04/2010 au 26/04/2010	Traduction du rapport final
30/04/2010	Remise du rapport final
A fixer fin mai	Séance de restitution

11. Gestion de l'évaluation

Le Service de l'Evaluation spéciale de la coopération au développement (SES) est le service de la chargé de la mise sur le marché de l'évaluation et du pilotage administratif du contrat. Il assurera la supervision générale de l'évaluation et est responsable de l'acceptation du rapport final d'évaluation.

Un comité de pilotage est constitué pour donner des commentaires et des conseils sur la manière de travailler proposée par les consultants. Il assurera un suivi des travaux selon le calendrier indicatif proposé et exprimera un avis sur la qualité des rapports qui seront produits. Il sera consulté sur le contenu des analyses, sur les conclusions et les recommandations. L'équipe d'évaluation prendra en compte les remarques et les commentaires faits par le Comité de pilotage.

Le Comité de pilotage sera composé de représentants des différentes parties prenantes : cellules stratégiques et administration des différents ministères en charge de la question, le Du croire, la CTB et FEB/Febelfin.

APPENDIX 2 – METHODOLOGY

A - Untying ODA at stake

The first step of this study, before data collection and analysis, was a literature review on the challenge of untying ODA. FINEXPO interventions are part of an international context Belgium is willing to fit in. Therefore understanding this context and its evolution is central for the relevance of the analysis.

B - Construction of an evaluative design

Reconstruction of the intervention rationale and logic

The evaluation team reconstructed the **intervention logic of FINEXPO**. The team precised the objectives in terms of foreign trade and development assistance based on a document analysis and interviews.

The main difficulty lied in the fact that the strategy of FINEXPO is not formally defined. There is no federal Foreign trade policy and the law of May 25 1999 on international cooperation does not apply to FINEXPO instruments, they are therefore not subjected to the sectoral concentration and thematic policy of the DGDC. Projects are not selected on the basis of a specific strategy but according to the requests formulated by the Belgian companies. Therefore the logic has been reconstructed a-posteriori through interviews with the committee.

Evaluative Design

The intervention logic was the reference for the construction of the evaluative design, structured as follows:

- 15 evaluative questions (EQ) were defined. They operationally and exhaustively cover the scope and focus presented in the ToR.
- For each EQ, judgment criteria were defined.
- Quantitative and qualitative indicators, collected during the desk and field phases informed each judgement criterion.

The evaluative design is presented in appendix 3.

Inventory of the portfolio

The first source of information for the findings was the inventory of the portfolio based on the files available at the FINEXPO secretariat. Projects have been classified by the following criteria:

- instruments,
- countries of intervention,
- the Belgian company in charge,
- the budget (commitment and disbursement), and
- the service / good provided,
- the date of intervention and implementation.

For each project, the team also informed, when the information was available, the following criteria: beneficiary of the project, Belgian bank involved, amount supported by FINEXPO, total budget of the project, decision period (dates of submission, committee approval and their comments on the project, ministries approval, promise, decree), envisaged period of implementation, interest rate, repayment made up to date, share of the Belgian component, availability and observations on the economic impact assessment, availability and observations on the environmental impact assessment,

availability and observations on the sustainable development assessment, employment generation, institutional capacity needs assessment, repeat order, existence of monitoring and evaluation, procurement, competition with aid, intervention of Development Banks and other observations.

The inventory enabled the team to **list the beneficiaries in Belgium**. The purpose was to:

- identify a representative cluster of beneficiaries for a complementary survey (conducted based on a semi-open questionnaire see appendix 5),
- underline the diversity or homogeneity of the beneficiaries, useful for the analysis of the FINEXPO effectiveness in terms of promotion of Foreign trade.

Portfolio sample analysis

This portfolio analysis guided the team for selecting two groups of projects.

- The first selective sample included the projects selected for an **in-depth documentary analysis**. 44 projects have been selected against the previous criteria in order to be representative of the portfolio. All the projects implemented in Ghana and Vietnam were included (see appendix 4).
- The second one included all the projects implemented in Vietnam and Ghana. The objective of these case studies was to illustrate the analysis and refine the judgement on relevance, coherence, effectiveness and impact.

C - Analysis: findings

As presented in chapter 1, the evaluation must assess the two objectives of FINEXPO: the promotion of foreign trade and development assistance.

In order to face this challenge and to be as accurate as possible, the team aimed at addressing the evaluation criteria through three level of analysis: the whole FINEXPO portfolio, the sample and the case studies. In practice, the analysis has been conducted through two levels, FINEXPO and case studies.

Analysis level	FINEXPO (excluding stabilization)	Sample	Case studies
Relevance	✓	✓	✓
Coherence	✓	✓	✓
Effectiveness		✓	✓
Efficiency	✓		✓
Impact		✓	✓

Each evaluative criterion has been addressed through the answer to the evaluative questions based on the judgement criteria and indicators validated by the steering committee. The answers were provided by interviews and the study of files (see section 2.2).

D - Analysis: benchmarking

The analysis has been completed by benchmarking similar tools used by Denmark, France, Germany, Netherlands and Spain. This concerns the range of highly concessional (at least 35%) export subsidy activities to least developed countries and HIPC countries, subject to the corresponding OECD-DAC Arrangements. The main objective of this benchmarking is to draw lessons and provide arguments for the elaboration of conclusions and recommendations.

The Desk Report (November 2009, chapter 5) provided a list of programmes that potentially could serve as benchmark for FINEXPO. That gross range of programmes has been further specified based on the following selection criteria⁵⁷:

1. The export support programme should receive funding from either the national / federal budget or –in absence thereof – from the public budget at regional (or state) level.
2. (Part of) the export support should be classified as ODA.
3. The programme (or at least one component) should be used for the export of or supply of equipment from (in part) national origin.

Application of these criteria leads to the following inventory of programmes:

Table 11: Inventory of programmes that fulfil the selection criteria

Country	Name of programme	Comments and public references
France	Réserve Pays Emergents (RPE)	Matches all criteria. Case by case appraisal for subsidy on export of goods and services Reference: http://www.exporter.gouv.fr/exporter/
Germany	KfW / ERP Export Fund	Matches all criteria Reference: http://www.kfw-ipexbank.de/EN_Home/Conditions/KfWERP_Export_Fund
	Financial Cooperation Composite loan	Matches most criteria, but can be used for export of goods in exceptional cases only (if and when related to investment projects). Reference: http://www.kfw-entwicklungsbank.de/DE_Home/Service_und_Dokumentation/Online_Bibliothek/PDF-Dokumente_Finanzprodukte_/Verbundfinanzierung_E.pdf http://www.kfw-entwicklungsbank.de/EN_Home/Service/Online_Library/Discriptio.jsp
Denmark	Mixed credit programme	Matches all criteria. Reference: www.um.dk/NR/rdonlyres/
Spain	Fondo de Ayuda al Desarrollo	Matches all criteria http://www.ico.es/web/contenidos/0/1167/index.html
	El Contrato de Ajuste Recíproco de	Compares to the FINEXPO interest stabilisation component. This component is outside the ToR for the evaluation.

⁵⁷ Criteria indicated by the Evaluation Reference Group (comité de pilotage) during its meeting December 14th, 2009.

	Intereses (CARI)	Reference: http://www.ico.es/web/contenidos/0/1073/index.html
Netherlands	ORET Facility Transition countries	Matches the criteria, but programme is not operative anymore. Facility Transition countries was a separate branch open to India and China only. Is not operative anymore. Included at the request of the steering group of the FINEXPO evaluation
	ORIO	Is a new programme (2009) hardly operative yet. Matches the criteria in part only. Can be used for export of goods, but only under specific conditions.

E - Conclusions and recommendations

The conclusions drafted in the draft report were discussed with the steering committee. A focus group was organised with its member in order to draw practical recommendations based on the conclusions.

APPENDIX 3 – EVALUATIVE DESIGN

Relevance:

1. To what extent has relevance been a selection criterion?

The objective of this first question is to assess whether the relevance of the project is sought from the beginning of the process in relation with the two FINEXPO's goals. This implies that the assessment focuses on the procedures and the means implemented to ensure the selection.

1.1. Relevance for development is positively assessed

- 1.1.1. Number of files / number of files observed taking into consideration the national / sectoral development strategies
- 1.1.2. Number of files / total taking into consideration the Belgian development strategies
- 1.1.3. Number of files / total taking into consideration the quality of the governance
- 1.1.4. Number of files / total including environmental impact assessment
- 1.1.5. Number of files / total including an assessment of the local capacities
- 1.1.6. List of other criteria used by the committee to assess relevance
- 1.1.7. Person / institution in charge of the assessment of relevance for development in Belgium
- 1.1.8. Person / institution in charge of the assessment of relevance for development in the recipient country
- 1.1.9. Number of projects modified on the basis of the advice by the committee
- 1.1.10. Number of projects selected despite a negative advice on relevance

Sources: FINEXPO files, interviews in Brussels - Methods: desk research, semi-structured interviews Belgian administration

1.2. Relevance for foreign trade is positively assessed

- 1.2.1. Number of files / total including an assessment of the relative importance of client to the Belgian economy
- 1.2.2. Number of files/total including an assessment of the direct employment generation in Belgium
- 1.2.3. Person / institution in charge of the assessment of relevance for Belgian economy in Belgium
- 1.2.4. Person / institution in charge of the assessment of relevance for Belgian economic relations in the recipient country
- 1.2.5. Number of projects modified on the basis of the advice from the committee
- 1.2.6. Number of projects selected despite a negative advice on trade aspects

Sources: FINEXPO files, interviews in Brussels - Methods: desk research, semi-structured interviews Belgian administration

2. To what extent is the potential sustainability of the projects taken into account?

Question 2 and 3 follow the same objective as question 1 being more specific on two aspects of the relevance for development, the second one – environmental sustainability – being explicitly required by the OECD guidelines.

- 2.1. The sustainability of the project is part of the selection process
 - 2.1.1. Number of files / total observed including an assessment of technical sustainability
 - 2.1.2. Number of files / total observed including an assessment of the financial sustainability
 - 2.1.3. Number of files / total observed including an assessment of the institutional sustainability
 - 2.1.4. Number of projects / total observed planning capacity development

Sources: FINEXPO files – Methods: desk research

- 2.2. The project has local counterparts

Sources: FINEXPO files, company survey – Methods: desk research, semi-structured interviews with suppliers

- 2.3. The local counterparts have been actively involved in the design of the projects
 - 2.3.1. Explicit reference made to the counterpart participation
 - 2.3.2. Number of meetings
 - 2.3.3. Opinion of the beneficiary parties (companies)

Sources: FINEXPO files, company survey – Methods: desk research, semi-structured interviews with suppliers

- 2.4. An exit strategy is defined

- 2.4.1. Reference to an exit strategy in the files

Sources: FINEXPO files, company survey – Methods: desk research, semi-structured interviews with suppliers

3. To what extent has the potential environmental sustainability of the projects been taken into account?

- 3.1. The environmental sustainability of the project is part of the selection process
 - 3.1.1. Number of files / total observed including an environmental impact assessment

Sources: FINEXPO files – Methods: desk research

- 3.2. The committee advice regarding environmental sustainability is always positive

- 3.2.1. Number of implemented projects with positive advice / number of implemented projects with negative advice

Sources: FINEXPO files – Methods: desk research

4. To what extent are the projects relevant for development?

The first 3 questions dealt with the importance of relevance into the selection process. Questions 4 and 5 assess the relevance of the project themselves. The question is not "how did FINEXPO assess relevance" but "Are the project really relevant?" therefore the assessment does not focus on the procedures but on the intervention. Since the evaluation team was not in a position to directly assess the relevance of the projects, indirect criteria have been used in order to answer the questions.

- 4.1. The committee advice regarding development is always positive before implementing the project

- 4.1.1. Number of implemented projects with a unanimous positive advice / number of implemented projects with negative advice by members of the committee or without advice of the committee on that matter

Sources: FINEXPO files – Methods: desk research

4.2. The project presents an analysis of the context and challenges

4.2.1. Presence of an analysis of the context and challenges conducted by the company

Sources: FINEXPO files – Methods: desk research

4.3. The project refers to an analysis of the context

4.3.1. Reference to an analysis of the context and challenges in the files conducted by an external institution

Sources: FINEXPO files – Methods: desk research

4.4. Local counterparts contributed to the formulation of the project

4.4.1. Specific references to their participation in the files

4.4.2. Number of meetings

4.4.3. Opinion from the beneficiary (company)

Sources: FINEXPO files, company survey, field mission – Methods: desk research, semi-structured interviews with suppliers

4.5. The local institutional environment is positively assessed

4.5.1. Number of implemented projects with positive advice / number of implemented projects with negative advice

Sources: FINEXPO files – Methods: desk research

4.6. National development strategies are taken into consideration

4.6.1. References to the national development strategies in the project files

4.6.2. References to the national development strategies in the advice made by FINEXPO

Sources: FINEXPO files, field mission – Methods: desk research

5. To what extent are the projects implemented relevant regarding foreign trade?

5.1. The committee advice regarding economic prospects is always positive before implementing the project

5.1.1. Number of implemented projects with positive advice / number of implemented projects with negative advice

Sources: FINEXPO files – Methods: desk research

5.2. The project is not commercially viable

5.2.1. Evidence of a negative analysis of the commercial viability provided by the company

5.2.2. Nature of the analysis

5.2.3. Evidence of a negative analysis of the commercial viability provided by FINEXPO

Sources: FINEXPO files – Methods: desk research

5.3. The importance of the beneficiary company for the Belgian economy is assessed

5.3.1. Presence of a positive assessment

Sources: FINEXPO files, company survey – Methods: desk research

Knowledge development:

Question 6 assesses whether the selection process is also based on lessons learnt from the past experience. The question addresses the means available to FINEXPO to include and share information on previous projects to improve the selection and effectiveness of new interventions.

6. To what extent has a monitoring and evaluation mechanism been implemented?

6.1. Resources are available for monitoring

6.1.1. Part of FINEXPO budget allocated to monitoring

6.1.2. Part of project budget allocated to monitoring (business plan)

Sources: FINEXPO files, company survey, interviews in Brussels – Methods: desk research, semi-structured interviews with suppliers and FINEXPO secretariat and committee

6.2. Project is monitored

6.2.1. Presence of monitoring report in the project files

Sources: FINEXPO files – Methods: desk research

6.3. Closed project is evaluated

6.3.1. Presence of an evaluation report in the project files

Sources: FINEXPO files– Methods: desk research

Internal coherence:

Questions 7 and 8 assess the relation between FINEXPO and the two related Federal Belgian Policies.

Question 7 is specific to the coherence between FINEXPO objectives and the Belgian Development policy. This policy has been formalised by three main documents: the law of May 1999, the sectoral and thematic strategies, and the PIC for the partner countries of direct bilateral aid (18 countries since the last reform). According to the evaluation of the law of May 1999, the sectoral and thematic strategies are not well known and used by the stakeholders; therefore the team will limit its assessment against the two other formal documents. As the Belgian foreign trade strategy is not as formalised as the Belgian cooperation policy, the assessment will be limited to the perception of the coherence.

7. To what extent are the projects coherent with Belgian development policies?

7.1. The projects are in line with the Belgian development strategy / activities in the country

7.1.1. Explicit references to the Belgian development strategy

7.1.2. Explicit reference to the PIC

7.1.3. Sign of complementarities

7.1.4. Sign of contradictions

Sources: FINEXPO files, interviews in Brussels, field mission – Methods: desk research, semi-structured interviews with policy makers

8. To what extent are the projects coherent with Belgian foreign trade policies?

- 8.1. The project is in line with Belgian foreign trade policies and commercial objectives
- 8.1.1. Perception of federal representatives on the field
 - 8.1.2. Sign of complementarities
 - 8.1.3. Sign of contradictions

Sources: FINEXPO files, field mission – Methods: desk research, semi-structured interviews with policy makers

Coordination

When questions 7 and 8 assess the coherence between FINEXPO and two federal policies, questions 9 and 10 assess the coordination between FINEXPO and external strategies that can have an effect on FINEXPO objectives in terms of development (the level of coordination with the main stakeholders in the recipient country – question 9) and trade (the level of coordination with the regions, as trade competency has been regionalised).

9. To what extent are the projects coordinated with development policies from the local institutions and the other active donors in the country?

- 9.1. The projects are in line with the local priorities
- 9.1.1. Explicit reference to the local priorities
 - 9.1.2. Sign of complementarity
 - 9.1.3. Sign of contradictions

Sources: FINEXPO files, field missions – Methods: desk research, semi-structured interviews during field mission

- 9.2. The projects are coordinated with the other donors' activities in a specific country
- 9.2.1. Existence of coordination bodies
 - 9.2.2. Participation to coordination meeting
 - 9.2.3. Participation to round table / fora
 - 9.2.4. Sign of complementarities
 - 9.2.5. Sign of contradictions

Sources: field missions – Methods: desk research, semi-structured interviews during field mission

10. To what extent are the projects coherent with Belgian regional foreign trade interventions?

- 10.1. The project is coherent with the instruments of the federate entities
- 10.1.1. Perception of federate entities representatives
 - 10.1.2. Sign of complementarity
 - 10.1.3. Sign of contradictions

Sources: FINEXPO files, interviews in Brussels, field mission – Methods: desk research, semi-structured interviews with policy makers

Effectiveness

The team differentiated between the effectiveness of the services provided by FINEXPO (question 11) and the effectiveness of the interventions (question 12).

Question 12 assesses the contribution of FINEXPO to the objectives identified in the intervention logic. The team defined judgement criteria and indicators in a way that allows the deepest assessment possible. Indeed, given the dispersion of the projects financed, an impact assessment is not possible. Some effects or evolution might be highlighted but can't be attributed to FINEXPO, especially when the projects are part of a broader programme.

11. To what extent are the services provided by FINEXPO effective?

11.1. The services provided are visible and accessible

- 11.1.1. Evolution of the number of beneficiaries (Belgian companies)
- 11.1.2. Perception of the accessibility by the beneficiaries or their representatives (BEF)
- 11.1.3. Information is accessible / available in Embassies
- 11.1.4. Information is accessible / available in chamber of commerce
- 11.1.5. Information is accessible / available in public services
- 11.1.6. Information is accessible / available in banks

Sources: FINEXPO files, company survey – Methods: desk research, semi-structured interviews with suppliers

11.2. The beneficiaries perceive the services as effective and of quality

Sources: field mission – Methods: semi-structured interviews

11.3. FINEXPO provided additional export

- 11.3.1. Number of companies who would not have been able to formulate a proposal without FINEXPO
- 11.3.2. Number of companies who had access to alternative concessional lending from other financiers

Sources: FINEXPO files, company survey – Methods: desk research, semi-structured interviews with suppliers

12. To what extent are the projects effective?

Aid effectiveness

12.1. The project induced social improvement

12.2. The project induced economic improvement

12.3. The project induced environmental improvement

12.4. Sign of social negative effects of the projects / Extend to which the position of women and poor are not harmed, directly or indirectly

12.5. Sign of economic negative effects of the projects

12.6. Sign of environmental negative effects of the projects / Extend to which is not damaged directly or indirectly

Sources: FINEXPO files, field mission – Methods: desk research, semi-structured interviews with client, local stakeholder, Belgian Embassy, challenge technique (client will be informed prior to the mission to put together and produce evidence on outcome/results, leading role of local consultant), collection of secondary documentation

Trade effectiveness

12.7. The project created business linkage

- 12.7.1. Number of maintenance contract between supplier and client after a project
- 12.7.2. Number of deals between the same partners
- 12.7.3. Image of Belgian products/services in the sector

Sources: FINEXPO files, company survey, field mission – Methods: desk research, semi-structured interviews with suppliers and clients

12.8. Extent to which client's capability to serve end-users has improved

Sources: company survey, field mission – Methods: semi-structured interviews with suppliers

12.9. The project generated direct employment

- 12.9.1. Number of temporary (direct) employment created

Sources: company survey – Methods: semi-structured interviews with suppliers

12.10. The project has an effect on institutional capacities

- 12.10.1. Number of maintenance contract between supplier and client after a project
- 12.10.2. Number of project designing user manuals
- 12.10.3. Number of training session organised by the beneficiary companies for their personnel
- 12.10.4. Number of institutional management training session organised by the beneficiary companies for the local institutions

Sources: FINEXPO files, company survey, field mission – Methods: desk research, semi-structured interviews with suppliers, challenge technique, collection of secondary documents

Efficiency

The analysis of efficiency relates to the **services provided** by FINEXPO and the **interventions financed** through FINEXPO.

Question 13, **efficiency of the services provided**, focuses on the procedures. The basic question of efficiency is whether the same could have been done at a lower cost or whether more could have been done at the same cost. At the procedural level, the evaluation tried to analyze and compare the transaction costs of each of the financial instruments. (What is their cost? Is the duration of the selection process acceptable? What is the ratio between management costs and expenses?). Given the scope and limitations of this evaluation this was an approximate assessment, since time and resources available do not allow elaborating a quantified transaction cost analysis.

Question 14 focuses on the **interventions**. As it is almost impossible to check whereas the prices were adequate after the beginning of a project, the team limited its assessment to the condition of procurements. The objective is to assess whether the procurement mechanism limits or not the risk that a company offers its services to price higher than the market price.

13. To what extent are the services provided by FINEXPO efficient?

13.1. The transaction costs are kept at a low level to the beneficiaries

Sources: FINEXPO files, company survey, field mission – Methods: desk research, semi-structured interviews with suppliers and clients

13.2. The duration of the selection process is acceptable and predictable

- 13.2.1. Perception of the beneficiaries
- 13.2.2. Perception of the local counterpart
- 13.2.3. Perception of the administration

Sources: FINEXPO files, company survey, interviews in Brussels, field mission – Methods: desk research, semi-structured interviews with suppliers, client and Belgian administration

13.3. The management cost is acceptable

- 13.3.1. Ratio between management costs (full time staff) and expenses (FINEXPO budget)

Sources: FINEXPO files – Methods: desk research

14.To what extent are the projects supported by FINEXPO efficient?

14.1. The selection of the project minimize the risk that its cost is higher than the market price

- 14.1.1. Proportion of projects answering to a public tender
- 14.1.2. Proportion of project answering to a direct invitation
- 14.1.3. Proportion of project dealing directly with local institutions without external control

Sources: FINEXPO files – Methods: desk research

14.2. The cost of the intervention is acceptable compared to the market price

- 14.2.1. Number of projects for which FINEXPO compensated a price difference between the beneficiary and its main competitor

14.3. The cost of the intervention is assessed by FINEXPO

Sources: FINEXPO files, interview in Brussels – Methods: desk research, semi-structured interviews with FINEXPO secretariat

Impact

Given the dispersion of the projects financed, it is hard to assess precisely the long term effects resulting from FINEXPO and the impact on the development of the partner country. Therefore the impact analysis is limited to the impact of foreign trade.

15.To what extent has FINEXPO an impact on foreign trade?

15.1. Belgian companies were able to access new markets or extend their share at the market / FINEXPO enhanced productive capacity

- 15.1.1. Frequency of deals between the same traders
- 15.1.2. Number and volume of additional or repeated orders for the same or related Belgian companies
- 15.1.3. Number of new contracts signed within the country without the support of FINEXPO
- 15.1.4. Number of new contracts signed within the region by the same Belgian company
- 15.1.5. Signs of replication of projects by other Belgian or foreign companies

Sources: FINEXPO files, company survey, field mission – Methods: desk research, semi-structured interviews with suppliers

15.2. Belgian Subcontractors of Belgian companies were able to conquer market share

15.2.1. Number of new contracts signed within the country

15.2.2. Number of new contracts signed within the region

Sources: company survey – Methods: semi-structured interviews with suppliers

15.3. The Belgian market share increase in the beneficiary countries / FINEXPO contributed to sustained international trade relation

15.3.1. Trade volume in the country

15.3.2. Signs of spin-off

15.3.3. Evolution of direct investments by Belgian companies in the country

15.3.4. Evolution of the market share in the 8 countries targeted by the agreement

Sources: field mission – Methods: desk research, collection of secondary documents

15.4. FINEXPO induces a catalytic impact on financing opportunities

15.4.1. Number of projects that included other financiers

Sources: FINEXPO files, company survey – Methods: desk research, semi-structured interviews with suppliers

15.5. FINEXPO does not induce trade distortion

15.5.1. Number of projects answering to direct invitation / total

15.5.2. The cost of the intervention is acceptable compared to the market price

15.5.3. The cost of the project, excluding the financial mechanism isn't higher than the one offered by the competitors

15.5.4. The cost of the intervention is assessed by FINEXPO

15.5.5. Signs of side effects on employment and business climate

15.5.6. Signs of side effects on trade relations

15.5.7. Complaints of Belgian competitors for unfair competition

Sources: FINEXPO files, company survey, interviews in Brussels, field mission – Methods: desk research, semi-structured interviews with suppliers and clients and FINEXPO secretariat

APPENDIX 4 – SELECTION AND SAMPLING

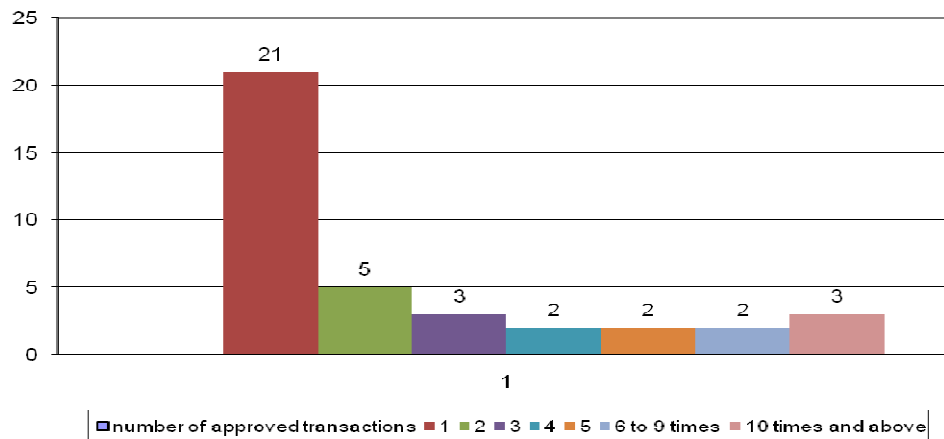
Selection of the companies for interviews

The FINEXPO system consists of several steps, from application to implementation. The Belgian companies and exporters that apply for FINEXPO support from the Belgian government and finally implement the commercial activities are key stakeholder in all those stages.

Characteristics of Belgian companies with clients benefiting from FINEXPO loans and interest relief

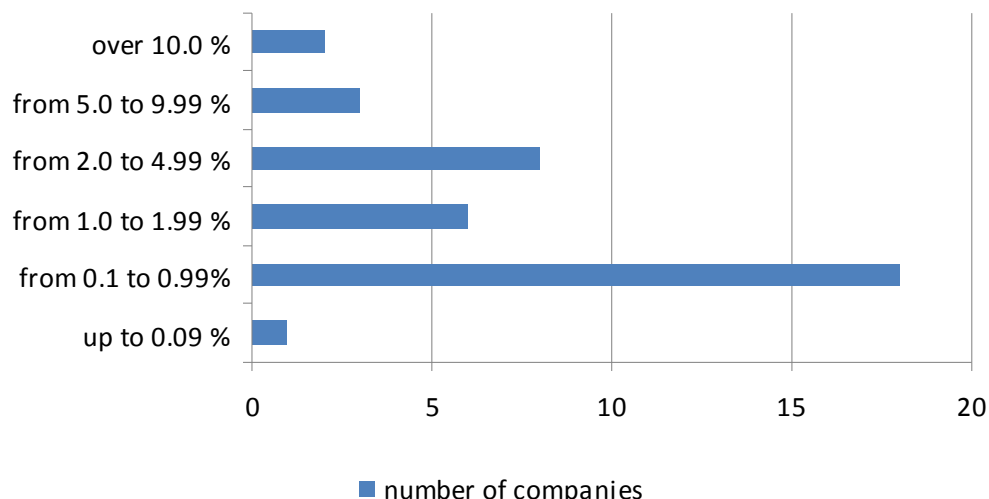
The evaluation team lacks data about the total number (approximately 415) and frequency of applications for FINEXPO support in terms of loans and interest relief. The data available concern the approvals that became active. Among the 38 Belgian companies, 21 (55 %) companies counted only once with an active FINEXPO loan or interest relief service, while only 5 companies (13 %) counted with FINEXPO subsidies over 5 times during the period 1997-2008. The data available do not allow knowing whether these companies applied for FINEXPO support more frequently.

Graph 3: Number of contract per companies



The total credit sum involved in the transactions subject to evaluation reaches € 550.3 million over the period 1997-2008. The loan / interest relief is related to the credit sum. The credit sum per Belgian company in benefit of their clients is the product of the number of applications that became active and the resources requested in benefit of their clients. To almost half of all Belgian companies (18 out of 38) the credit in terms of interest relief and loans to their clients represents less than 1% of the total credit authorized. On the other hand, FINEXPO benefit the clients of 5 companies in particular, each allocated a share of over 5 % of the total credit sum. It is worth mentioning the use of the FINEXPO loan and interest relief instrument for the delivery of buses (and related services and spare parts). The clients of the bus construction and trade companies benefit with well over a third (34.3 %) of the total credit involved. Graph shows the number of Belgian companies by share in the total credit.

Graph 4: Share of total credit



The activities of the 38 companies involved can be classified by sector. There are different internationally recognized systems of sector classification (amongst other the Global Industry Classification Standard) which is close to (but not precisely the same) the classification used in the FINEXPO application form.

The 38 companies are active in an array of sectors, as shown in the following table based on the FINEXPO classification:

Table 12: Number of companies by sectors

Sector	Number of companies
Industrial hardware	2
ICT hardware and software	6
Services	4
Contracting works (incl dredging)	7
Transport equipment	2
Energy generation and supply	5
Mineral resources & mining	0
Water purification and supply	5
Health	4
Education	0
Public transport	2
Other sectors	1
Total number of companies	38

This classification is based on the FINEXPO classification and on the services provided by the companies. A classification based on the sector of intervention will be build up during the next stages for the analysis of the projects.

Evaluation among Belgian companies

For an evaluation of the FINEXPO instrument, research among the Belgian companies is a fundamental component in order to assess the appropriateness of the instrument to one of its main objectives: the promotion of international trade and exports. In theory, one could image different layers in such a research:

- a survey among all internationally trading and exporting companies of Belgium in order to assess the appropriateness of the FINEXPO instrument to its potential users;
- a survey among all Belgian companies that have ever applied for any kind of FINEXPO support;

- a survey among the 38 Belgian companies with clients that have made use of the State-to-State loans and interest relief instruments of FINEXPO;
- a sample out of those 38 companies.

A broad survey among all international Belgian companies would be beyond the Terms of Reference of this evaluation, while a survey among firms that applied for FINEXPO support would have the characteristics of a client satisfaction survey. A client satisfaction survey has been implemented by FINEXPO in July 2008.

In adherence to the Terms of Reference the two last options are relevant.

As shown in graphs 1 and 2 and table 2, the population of Belgian firms with clients that have made use of the loans and interest relief instruments of FINEXPO is heterogeneous in sectors concerned, but more homogeneous as far as it concerns the use of the instrument (55% of the companies only once) and amount of credit involved (50 % less than 1 %). This characteristic calls for a sample rather than for a survey (statistical representativeness depends on the variance per variable).

Sampling for the survey among Belgian companies

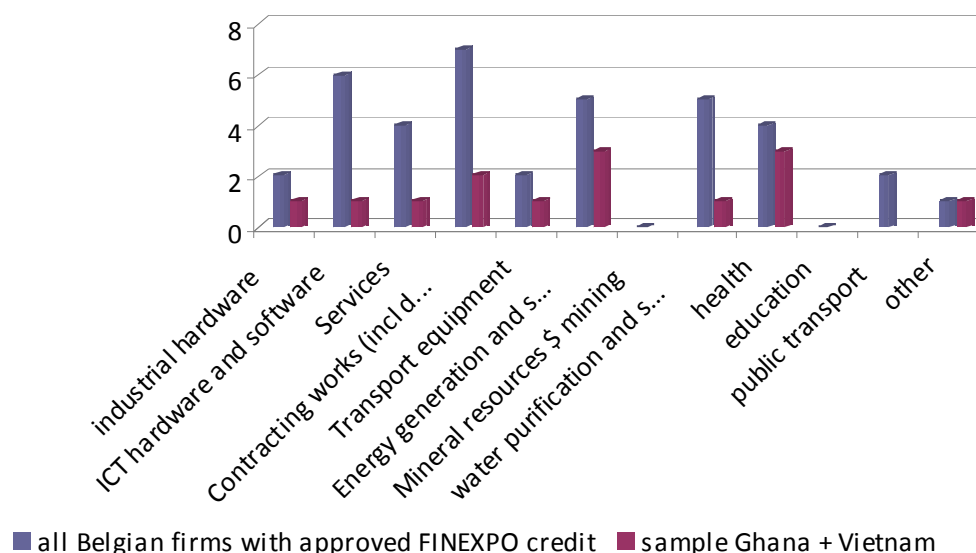
The Terms of Reference indicate field studies in Ghana and Vietnam. That implies that the companies involved in transactions with these two countries will be subject to an interview anyhow.

A closer analysis of the transactions in these two countries shows a fairly good representation (in terms of number of contract per company, share of total credit and services provided) of the entire population (the 38 companies), while this can be increased substantially taking into consideration all FINEXPO transactions of the same Belgian company, but not restricted to Ghana and Vietnam.

The number of Belgian companies with clients in Ghana and Vietnam that make use of FINEXPO is of 14, i.e. 37% of all Belgian companies with clients making use of FINEXPO. The total credit invested in Vietnam and Ghana is € 149.2 million, being 27.1 % of the total € 550.3 million credit. For Vietnam alone this is 9.8% and for Ghana 17.3%.

The total number of interventions counting with FINEXPO State-to-State loans and interest relief is 27, being 25% of the 108 interventions.

Compared to the distribution of Belgian companies over the various sectors as distinguished by FINEXPO, the companies with activities in Ghana and Vietnam happen to be rather representative, with the exception of the following sectors: ICT hardware and software; contracting works (including construction) and water purification and supply or distribution. The relation between the total population and the activities in Ghana and Vietnam is shown in graph 5.

Graph 5: Total population vs activities in Ghana and Vietnam by sectors

The quality of the representation increases substantially if we do not restrict the sample to the Ghana and Vietnam activities, but take into consideration all transactions of the same Belgian company. The same 14 companies are responsible for 54 transactions (50% of the total portfolio) implying 45% of the total credit involved.

In terms of size-categories (in terms of percentage share in total credit portfolio), these 14 firms are fairly representative as well, except in the categories between 0.1 and 0.99% and between 2 and 4.99 %

Table 13: All activities in terms of percentage share in total credit portfolio

User categories	Total population	Sample	%
smaller 0.1 %	1	0	
between 0.1 and 0.99 %	18	5	28%
between 1 and 1.99 %	6	3	50%
between 2 and 4.99 %	8	3	37.5%
between 5 and 9.99 %	3	2	66.7%
above 10 %	2	1	50%
Total	38	14	36%

The overall representativeness of the sample can be enhanced substantially by adding projects in the sectors ICT hardware and software; contracting works (including construction) and water purification and supply or distribution. The companies that provide equipment or services in these sectors should be within the categories between 0.1 and 0.99% and between 2 and 4.99 % of the total credit amount.

Three companies qualify on the basis of these characteristics (meet the three criteria at the same time). With these three additions, the 17 companies selected for the sample will represent 39% of all interventions in the category between 0.1 and 0.99% of the total credit amount and 50% of the category between 2 and 4.99 %. It encompasses 53% of all 108 activities and 48% of the total credit.

Sample of files

The core of the documentary analysis is based on a sample representative of the entire portfolio of 108 activities. Next to the "review" of the 108 files, the analysis focuses on the sample in order to draw specific lessons. The objective of this sample is to reduce as much as possible the number of files to be analysed while being representative of all the files. The selection process must be systematic. If one of the selected files doesn't match one selection criterion, the sample is no longer representative and none of the selected files are justified. Four criteria drive the selection:

- Visited countries,
- FINEXPO instruments used,
- Beneficiary companies,
- Amount of the credit.

First criterion: Visited countries

The sample encompasses all the projects implemented in Ghana and Vietnam (27 files). Then, the quality of the sample selected against this first criterion is checked against the other criteria and projects are added in order to improve the quality of the selected projects list. The files of other activities should cover features not covered by these 27 files.

Second criterion: Instruments

The second selection criterion is the subdivision of instruments. For each instrument, the projects carried out in Vietnam and Ghana represent the following share of the portfolio:

Table 14: Distribution of instruments in the portfolio and in Vietnam and Ghana

Instrument	Portfolio	Vietnam Ghana	%
IS ⁵⁸	36	14	39
ISD ⁵⁹	8	5	63
D ⁶⁰	1	0	0
Tied StS ⁶¹	59	8	14
Untied StS ⁶²	4	0	0
Total	108	27	25

This criterion shows that a sample made up only of activities in Vietnam and Ghana would not be representative for the entire portfolio, since:

- Donation and untied State-to-State loans are not represented in Vietnam and Ghana
- As far as it concerns donations, only one donation has been implemented since 1997. That was in Ivory Coast (**N°8145 – Rehabilitation of the OTN ring between 13 jurisdictions in Abidjan**). **This donation has been added to the sample, disregarding other selection criteria.**

⁵⁸ IS : Interest subsidies

⁵⁹ ISD : Interest subsidies with donation

⁶⁰ D : donation

⁶¹ Tied StS : tied State-to-State loans

⁶² Untied StS : untied State-to-to loans

- During the period 2002-2008, only 4 untied State-to-State loans have been implemented. These State-to-State loans represent 4% of the portfolio. The sample should include at least one of these loans. The 4 untied state-to-state loans are:
 - Burkina Faso – Water supply – concessionality: 68%, 2004
 - Burkina Faso – Water supply – concessionality: 67%, 2005
 - Croatia – Gas network – concessionality: 72,73%, 1998
 - Sao Tome – Telecom network – concessionality: 70,65 %, 2008

Third criterion: company' representation (companies selected for the survey)

The Belgian companies that receive support from FINEXPO are the key stakeholders and its first beneficiaries. The representation of their portfolio in the sample is critical.

This portfolio was defined in the previous section. The 17 companies selected are representative of the 38 being supported by FINEXPO. If the files sample include all the companies selected and only these companies it will correctly represent their portfolio. If one of the 17 selected companies is withdrawn from the sample or one company which is not part of the companies' survey is included in the sample the representativeness of their portfolio will be unbalanced.

64 files, including the donation and the projects implemented in Ghana and Vietnam, were implemented by the 17 selected companies.

The distribution by instruments of this second sample is the following:

Table 15: Distribution of instruments in the portfolio and the first sample

Instrument	Total	% total	Sample	% in sample
IS	36	33	22	34
ISD	8	7	6	9
D	1	1	1	2
Tied StS	59	55	34	53
Untied StS	4	4	1	2
Total	108	100	64	100

Only one untied State-to-State loan has been awarded to support a project presented by a company which belongs to the survey list: this file is therefore part of sample without further selection.

8 companies are represented only once in this sample. At the end of the selection process, the sample has to encompass at least one file per selected company: the 8 corresponding files are therefore included in the sample without further selection.

Fourth criterion: credit amount

The distribution of files by credit amount in the portfolio and in the actual sample is as follows:

Table 16: Distribution of instruments in the portfolio and the first sample

Budget € Million	Total	% total	Sample	% in sample
< 5	65	60	42	66
5<x<10	30	28	16	25
10<x<15	10	9	6	9
>15	3	3	0	0
Total	108	100	64	100

Based on the two last tables, we can conclude that interest credit with donation and without donation with a budget included between 0 and €5 million are over represented.

One interest subsidy with donation is not automatically selected (not in Vietnam nor Ghana and not implemented by any of the companies represented only once), this file is withdrawn from the sample.

Two interest subsidies pre-selected and with a budget range from 0 to €5 M are not implemented neither in Ghana nor in Vietnam or by any of the companies represented only once. These two files are withdrawn from the sample.

The result of the criteria used is representative for the portfolio in terms of instruments and credit amount. However among the activities represented in this sample, various files have rather similar characteristics in terms of sector and credit amount. In other words, the variance is small. This enables to add more variables, such as the distribution of activities by sector.

Fifth criterion: sectors and instrument and credit amount dispersion

The fifth selection criterion used is the distribution of activities by sector. Two sectors are over-represented here: the health sector (11% of the sample, 6% of the portfolio) and energy supply (28% of the sample, 18% of the portfolio).

Table 17: Distribution of sectors in the portfolio and the second sample

Sector	Total	%	Sample	% in sample
IH	2	2	2	3
ICT	23	21	13	21
Services	0	0	0	0
Contracting works	15	14	4	7
Transport	27	25	10	16
Energy	19	18	17	28
Mineral resources	1	1	0	0
Water	14	13	8	13
Health	7	6	7	11
Education	0	0	0	0
Other	0	0	0	0
Total	108	100	61	100

Other factors taken into consideration: phasing of the project and date of signature of the credit

Keeping in mind the distribution by credit amount and instruments, files were withdrawn based on **the phasing of the project**. Some projects were financed over several successive loans. To do so, the projects were divided into several stages or groups of activities, one group of activity being financed by one loan. One phase of a project

equate with one loan and its corresponding group of activity. The first phase of a project is the first loan or interest subsidy awarded by FINEXPO. First phase and successive phase are priority for the sample. For example if the project in the last sample was in phase 2 (or more) and the phase 1 wasn't pre-selected the project was withdrawn. On the contrary, if the project had various phases pre-selected then the file was considered as priority. If a selection is necessary within these phases the first phase is a priority.

If this indicator was not clear, the indicator taken was the date of the signature of the loans or decree. Documents signed in 2008 were removed in order to be sure that the project has started and did produce some output.

The final sample is made up of 44 files (40% of the portfolio) with the following distribution:

Table 18: Distribution by instrument

Instrument	Total	% total	Sample	% in sample
IS	36	33	15	34
ISD	8	7	5	11
D	1	1	1	2
Tied StS	59	55	22	50
Untied StS	4	4	1	2
Total	108	100	44	100

Table 19: Distribution by credit amount

Budget € Million	Total	% total	Sample	% in sample
< 5	65	60	26	59
5<x<10	30	28	13	30
10<x<15	10	9	5	11
>15	3	3	0	0
Total	108	100	44	100

Table 20: Distribution by sector

Sector	Total	%	Sample	% in sample
IH	2	2	2	5
ICT	23	21	9	20
Services	0	0	0	0
Contracting works	15	14	4	9
Transport	27	25	7	16
Energy	19	18	8	18
Mineral resources	1	1	0	0
Water	14	13	8	18
Health	7	6	6	14
Education	0	0	0	0
Other	0	0	0	0
Total	108	100	44	100

The final selection is the following:

Country	Date of signature	Credit amount M€	Object	Instruments
CAMEROON	30/05/2005	4,80	Supply and installation of surveillance systems for Douala harbour	STS
CAPE VERDE	25/10/2004	7,49	Installation of a maritime radio	STS
CAPE VERDE	14/09/2005	7,28	Maritime radio system phase 2	STS
ETHIOPIA	11/07/2000	5,52	Purchase of urban buses	STS
GHANA	10/03/1999	0,25	Rehabilitation of two maritime radio stations	STS
GHANA	17/12/2004	1,32	Upgrading laboratory equipment	STS
GHANA	08/05/2006	9,96	Delivery of 63 buses and spare parts for the further development of public transport in Ghana	IS
GHANA	11/05/2006	6,31	Elmina Bay cleaning up	STS
GHANA	07/09/2006	6,42	Water supply for Koforidua (1st phase)	STS
GHANA	20/09/2006	6,12	Water supply Koforidua (raw water intake)	IS
GHANA	02/10/2006	5,88	Supply and installation of electronic telecommunications systems in Parliament	ISG
GHANA	24/11/2006	14,42	Delivery of 75 buses and spare parts for the further development of public transport in Ghana	STS
GHANA	07/05/2007	14,42	Delivery of 75 buses and spare parts for the further development of public transport in Ghana	STS
GHANA	15/06/2007	8,79	Water supply for Koforidua (2nd phase)	STS
GHANA	27/06/2008	2,67	Upgrading laboratory equipment (2nd phase)	STS
GHANA	08/07/2008	7,80	Water supply for Koforidua (3rd phase)	STS
GHANA	01/10/2008	10,94	Supply of 50 coaches including 2 training buses and driving training, the spare line + AVL systems in 740 buses	IS
IVORY COAST	08/09/2008	2,08	Rehabilitation of the optical Virtual Network (VPN) to connect 13 public buildings	G
JAMAICA	21/11/1997	6,44	Upgrading the Kingston bus fleet	IS
KENYA	26/11/2007	11,31	Delivery and installation of wind turbines at Ngong	IS
MALDIVES	02/08/2001	3,60	Dredging project	STS
MOZAMBIQUE	10/06/2002	1,02	Draft power split in 2 programs (2001 and 2002)	STS
MOZAMBIQUE	23/08/2002	6,78	Draft power split in 2 programs (2001 and 2002)	STS
SAO TOME	11/08/2008	0,98	Installation of a telecommunications network type GMDSS and AIS to improve the security of maritime transport (untied aid)	Untied STS
SENEGAL	30/06/2003	0,80	Completion of a radio system for coastal distress and sea rescue	STS

Country	Date of signature	Credit amount M€	Object	Instruments
SENEGAL	02/12/2005	0,83	Maritime radio	STS
SUDAN	26/03/2007	0,63	Water supply in Gézira	STS
TUNISIA	10/03/1998	2,39	Sanitation of South Lake and its surroundings - 1st project	STS
TUNISIA	06/04/1999	2,39	Sanitation of South Lake and its surroundings - 2 nd project	STS
TUNISIA	17/09/1999	2,40	Sanitation of South Lake and its surroundings - 3 rd project	STS
VIETNAM	29/05/1998	7,98	Construction of a sewerage network in Hue (Danang province)	IS
VIETNAM	12/10/1998	1,36	Delivery of hospital waste incinerator with exhaust treatment	IS
VIETNAM	20/08/1999	4,86	Construction of 1 mobile electric substation	STS
VIETNAM	15/12/1999	1,47	Supply 1 mobile substation for electricity stability in Northern Provinces	IS
VIETNAM	15/12/1999	1,49	Supply 1 mobile substation for electricity stability in Southern Provinces	IS
VIETNAM	24/07/2001	6,55	Rehabilitation, renovation and construction of policlinic in Khanh Hoa.	IS
VIETNAM	13/10/2001	2,63	Reorganisation of black water treatment in Cua Lo	IS
VIETNAM	01/12/2003	1,36	Delivery 1 mobile power transformer 250 MVA for Southern Provinces	IS
VIETNAM	01/12/2003	1,36	Delivery 1 mobile power transformer 250 MVA for Hanoi	IS
VIETNAM	24/10/2005	1,91	Separation and upgrading of the fermentable components of garbage for compost in Quy Nhon (Binh Dinh Province)	ISG
VIETNAM	03/04/2006	13,50	Study and delivery of a Cyclotron of 30 MeV for the production of radio-isotopes for the Central Military Hospital no.108 in Hanoi	ISG
VIETNAM	12/07/2006	2,47	Establishment of hospital waste treatment and industrial waste treatment (incinerator)	ISG
VIETNAM	09/02/2007	2,27	Separation and upgrading of the fermentable components of garbage for compost in Phu Ly (Ha Nam Province))	ISG
VIETNAM	09/02/2007	4,54	Water evacuation and black water treatment for Phu Ly (Ha Nam province)	ISG

Following the discussions with the steering committee, one project in Jamaica has been replaced with a project in Algeria:

ALGERIA	18/05/2006	7,80	Delivery of 30 buses and spare-parts	IS
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APPENDIX 5 – QUESTIONNAIRE

FINEXPO – Questionnaire

Name of the company:

Person (s) interviewed:

Tel / e-mail:

Date interview:

Company presentation:

Sector(s) of company's activities:

Total number of employees worldwide and in Belgium:/.....

Total number of applications made to FINEXPO 1997-2008:

Number of projects implemented with support by FINEXPO:

Company's main trading partners in countries outside Europe:

Company's turnover and value of exports in most recent year known (2007 or 2008)⁶³:
...../...

Input to transaction

1. Prior to the application for FINEXPO support, what was the relationship between your company and this client / these clients? Was this a first transaction with this client or a follow -up of an existing commercial relation?
2. Was this project for supplies / services / works announced by means of a public tender procedure (international competitive bidding) or by direct invitation?
3. What activities did your company undertake to ensure the funding of the supplies / services / works? Did you apply for FINEXPO since you knew or assumed that the client would not procure your product in absence of favourable financing conditions? Or did you know or assume unfair competition by competitors (non Belgian) in the market?
4. In absence of FINEXPO support, would your company have formulated a proposal / bid at all?
5. Did your company offer a suppliers' credit on top of the FINEXPO buyers financing? If positive, could you explain the financial engineering of the total package?

⁶³ Part of this information could be obtained beforehand by downloading Annual Reports of the firm.

6. How 'additional' was the FINEXPO financing arrangement? In other words, did the client have access to alternative concessional lending from other financiers, for example multilateral or bilateral investment funds?
7. If you worked with local counterparts, did you include them during the project definition? For state-to-state loans, how did you include local institutions during the project definition and for the financial engineering?

Input by FINEXPO

8. How did you know FINEXPO? Did you have easy access to the FINEXPO services?
9. Was the FINEXPO secretariat useful to answer the questionnaire (kind and quality of support)? Did FINEXPO provide advice in order to choose the financial instrument and its modalities?
10. During the application period, did you receive support or guidance from the Belgian Embassy? And by one of the regional (Walloon, Flanders, Brussels) investment and trading promotion offices?

Output of transaction

11. In this FINEXPO supported transaction, what is the nationality of your main competitors? Can you compete on price? Does FINEXPO compensate for a price difference between you and your main competitors? (*market conformity*)
12. FINEXPO sets conditions on development relevance, environmental aspects, labour and cultural heritage. What kind of technical guarantees were included in your bid to ensure the technical adherence to these conditions? Did you (or the client) conduct an environmental impact assessment? (*technical quality*)
13. During implementation, did you provide information on the realisation of the activities to the client (progress reports) and did you provide a copy to FINEXPO?
14. After completion of the transaction, did you receive any critical comment on the FINEXPO conditions?
15. Did the FINEXPO supported transaction enable the establishment of new positions in Belgium in order to implement the project (temporary / permanent employment)?
16. For this project, did you elaborate a user's manual (or translations of existing manuals) or did you train personnel / staff in operational skills, maintenance or management? (*institutional strengthening*)
17. Do you know how much temporary employment was created during implementation? [In the case of construction works] do you consider the construction techniques used as labour intensive and adapted to the local labour supply? (*employment generation*)

Output of FINEXPO

18. Was the duration of the FINEXPO application process predictable? And was this acceptable to your company and to the client?
19. Did the conditions or procedures lead to undesirable delays? What could be improved?

20. Did your client receive the FINEXPO support in time to pay for your supplies / services / works?
21. Your company's response to the FINEXPO conditions imply transaction costs. Do you consider the higher transaction costs justified as compared to the benefit of having obtained the foreign order?

Outcome of transaction

In addition to the supply / services / construction, was there any long term maintenance contract or agreement on the supply of spare parts? In other words, did the FINEXPO supported transaction lead to direct additional sales or services? (*trade effect*)

22. What means have been deployed by your company to ensure the sustainability of the transaction (for example by provision of management training or technical skills training or post delivery service contracts)? (*sustainability*)
23. Did this transaction form part of a larger programme or plan? (i.e. a electricity transformer as component of a rural electrification programme). How critical was this supply to the success of the larger plan / programme? (*development effect*)?
24. Is there any relation between your supplies / services / works and end-users performance (i.e harbour facilities) or access to services (i.e. water supply)? Do you have documented evidence? (*development effect*)
25. After completion of the transaction, what positive or negative effects on the environment have been observed? Do you know of any ex-post environmental study? Are environmental control procedures in place by the competent authority? Do you have documented evidence? (*environmental effects*)
26. Were any direct permanent jobs created as a result of the transaction? How many? Do you have documented evidence? (*employment generation*)

Outcome / effectiveness of FINEXPO

27. How would you grade the quality and effectiveness of the services provided by FINEXPO?
28. Did you consider the first FINEXPO supported transaction effective? Did you apply for other support afterwards?
29. Did you receive support from other (regional) foreign trade institutions? If positive, how would you compare this support to FINEXPO?
30. Do you know about complaints or accusations by Belgian (or foreign) competitors about unfair competition as a result of FINEXPO support?
31. Would a change in the FINEXPO criteria to LDCs (untying aid) harm your company? Why and in which countries?

Impact of the intervention

32. Do you think FINEXPO supported your entry to a new market to your company? After the FINEXPO supported transaction, did you obtain other contracts within the same country or new market (could be regional)? Do you consider yourself a permanent player at this market?

33. As a result of your presence in this market, did you increase your direct investments in the country? Or do you know of any Belgian company that made investment in this country as a result of your presence and activities?
34. What kind of lasting trading relations were established that can be attributed to the FINEXPO supported transaction?
35. Any replication of your supply / works by other (national) companies in the country or region? (i.e. replication of sewerage systems)
36. Do you perceive any impact on the image of Belgian products / services in the sector, or country?
37. Any indication of macro-economic impacts, for example, extended imports-exports as a result of harbour activities; savings in energy import, etc. Any impact on the position of women and /or marginalised groups? Do you have documented evidence on impacts?

Practical suggestions for field visits

- Do you have practical suggestions for the field visit?
- Whom to contact?
- What do you recommend to check (technical issues, environmental issues)?

APPENDIX 6 – EVOLUTION OF THE INTERNATIONAL CONTEXT

Tied ODA is bound by international agreements resulting from DAC consultations and agreements among the participants to the OECD arrangement on export credits. The table below shows the evolution of the international aid framework.

Who	What	When
DAC	<p>Definition of Official Development Aid</p> <p>Official flows are split into:</p> <ul style="list-style-type: none"> – ODA – Other official flows <p>The renegotiation of the definition of ODA introduces the concept of concession. Since then, ODA is defined as follows: "Official development assistance includes financial flows to countries and territories listed on the DAC List of ODA Recipients and to multilateral development institutions which are:</p> <ul style="list-style-type: none"> – provided by official agencies, including state and local governments, or by their executive agencies; and – each transaction of which: <ul style="list-style-type: none"> a) is administered with the promotion of the economic development and welfare of developing countries as its main objective; and b) is concessional in character and conveys a grant element of at least 25 % (calculated at a rate of discount of 10 %)." 	<p>1969</p> <p>1972</p>
Participants: Australia, Canada, EEC, Spain, USA, Finland, Greece, Japan, Norway, Portugal, Sweden, Switzerland	<p>Export credit consensus.</p> <p>The first objective was fair competition and elimination of trade distortion.</p>	1976
Participants: Australia, Canada, EC, Japan, Korea (Republic of), New Zealand, Norway,	<p>Arrangement on export credits benefiting from public support</p> <p>The Arrangement sets limits on the terms and conditions of officially supported export credits (e.g. minimum interest rates⁶⁴ to provide official financing support for export credits, risk fees and maximum repayment terms) and on the provision of tied aid.</p>	1978

⁶⁴ Minimum interest rates were presented in a matrix rate as the official lending rate. Matrix rates were calculated based on the weighted average of interest rates of a basket of currencies and valid for a six-month period.

Switzerland, USA	The Arrangement also includes procedures for prior notification, consultation, information exchange and review for export credit offers that are exceptions to / derogations of the rules as well as tied aid offers.	
Participants: Australia, Canada, EC, Japan, Korea (Republic of), New Zealand, Norway, Switzerland, USA	Increase of the minimum interest rate for providing official financing support to 11,25% for medium-term loan rates with a minimum of 10-year loan to Least Developed Countries (LDCs) at an annual rate of 10%.	1981
Participants: (see previous)	Introduction of the Commercial Interest Rate of Reference (CIRR), calculated monthly and based on government bonds issued in a country's domestic market under a country's own currency, and new increase of the minimum interest rate for providing official financial support.	1983
Participants (see previous)	The Wallen Package (current Helsinki arrangement)- Guiding principles for associated financing, and tied and partially untied ODA: The Package amended the formula for calculating the grant element - or concessionality level - allowing it to better reflect market interest rates. The Package also increased the minimum permissible concessionality level of tied aid credits to: - 50% for LDCs; - 35% for other countries. The increase of concessionality levels came from the observation that a low grant element is more likely to be extended to improve commercial competitiveness / to be "competition motivated", whereas tied aid credits with a large grant element are more likely to be "aid motivated" (Toye 1986).	1987
Participants: Australia, Austria, Canada, Finland, Japan, New Zealand, Norway, Sweden, Switzerland,	The Helsinki package The Agreement introduced the criterion of additionality: "OECD members export credit and tied aid policies would be complementary: those for export credits should be based on open competition and the free play of market forces; those for tied aid credits should provide needed external resources to countries, sectors or projects with little or no access to market financing, ensure the best value for money, minimize trade distortion and contribute to	1992

USA, EC.	<p>the effective developmental use of these resources⁶⁵.”</p> <p>In order to respect this criterion, the Package prohibits tied and partially untied credits for richer developing countries and commercially viable projects. The Package also introduces monitoring procedures.</p>	
Participants (see previous)	<p>The Schaerer Package⁶⁶</p> <p>Key features of the Package include:</p> <ul style="list-style-type: none"> - Progressive abolition of remaining subsidised rates so that market-based CIRR are used as the minimum interest rate in all markets; - Introduction of an automatic system of country classification based on per capita GNP to determine the maximum repayment period; - Adjustment of the discount rate for calculating the concessionality level of aid loans. 	1994
Participants (see previous)	Orientation of tied aid according the Helsinki rules (commercially viable projects cannot receive tied aid e.g.)	1996
Participants (see previous)	Re-wording of the arrangement(s) in order to include all the modifications made since 1976	1997
Participants (see previous)	<p>The Knaepen Package - Minimum Premium Benchmarks</p> <p>The package sets the minimum risk premium rates meant to:</p> <ul style="list-style-type: none"> - Ensure that risk premium rates are not inadequate to cover long-term operating costs and losses; - Eliminate distortions to competition and create a level playing field. 	1999
DAC	<p>Recommendation to untie ODA to LDCs</p> <p>The Recommendation also invites DAC members to provide untied aid in areas not covered by the Recommendation. ‘The Guiding Principles’ include an agreement to report to the OECD on the tying status of aid⁶⁷. This Creditor Reporting System (CRS) on a project level contains information about the tying</p>	2001

⁶⁵ DAC's Working Party on the Financial Aspects of Development Assistance, OECD, Paris, May, 1991

⁶⁶ Export credit financing systems in OECD Member countries and non-member economies, OECD, 2001

⁶⁷ Note that there are three exceptions to the general agreement: i) if the recipient country is considered by the World Bank as Least Developed Country and the concessionality level is at least 50%. ii) if the total concession is over 80% (the credit is than considered to be a grant); iii) if the project has a value of less than 2 million SDR.

	status of most ODA, although the reporting on Technical Cooperation (TC) and administrative costs was specifically made voluntary. Apart from technical problems of ensuring consistent reporting, some donors initially chose not to report on the tying status of their bilateral aid, and did not report fully on their TC or administrative costs. Over time the reporting system has improved but the extent to which all tying of aid is being reported is still unknown ⁶⁸ .	
DAC	<p>Paris Declaration</p> <p>The Declaration commits signatories to follow 5 principles: ownership, alignment, harmonisation, results-based monitoring, and mutual accountability. One of the indicators (n°8) used to follow the implementation of the alignment principle monitors the level of aid that is untied</p>	2005
Participants (see previous)	Abolition of coverage thresholds and ex-ante notifications.	2006
OECD Council	<p>Recommendation on bribery and officially supported export credits</p> <p>The OECD recommends deterring bribery in international business transactions benefiting from official export credit support, by:</p> <ul style="list-style-type: none"> - Informing parties on the legal consequences of bribery, and encouraging the development and documentation of appropriate management control systems. - Minimising the risk that bribery occurs. - Taking appropriate action when there is credible evidence that bribery has occurred. 	2006
OECD council	<p>Recommendation on common approaches to the environment and officially supported export credits</p> <p>The DAC recommends its members to:</p> <ul style="list-style-type: none"> - Foster transparency, predictability, and responsibility in decision-making by encouraging disclosure of relevant environmental information; - Encourage the prevention and the mitigation of adverse environmental impacts of new projects 	2007

⁶⁸ The OECD Working Party on Aid Effectiveness and the DAC Network on Development Evaluation asked for a study of the extent to which development partners have untied their assistance and the key factors promoting or impeding progress on fully untying development assistance. This request produced the following report: Clay, Edward J., Matthew Geddes and Luisa Natali (2009): Untying Aid: Is it working? An Evaluation of the Implementation of the Paris Declaration and of the 2001 DAC Recommendation of Untying ODA to the LDCs, Copenhagen.

	<p>and the environmental risks associated with existing operations, taking into account the benefits of any new project and existing operations supported;</p> <ul style="list-style-type: none"> - Enhance financial risk assessment of new projects and existing operations by considering environmental aspects. <p>The latter recommendation should be implemented by screening and classifying projects against their environmental impact before agreeing on any kind of financial support.</p>	
DAC	Extension of the 2001 recommendation to HPICs	2008
Participants (see previous)	<p>Principles and guidelines to promote sustainable lending practices in the provision of official export credits to low-income countries</p> <p>Lending activities must respect sustainable development and generate net positive economic returns. They must foster sustainable development by avoiding unproductive expenditures. They must preserve debt sustainability and support good governance and transparency.</p> <p>DAC Members shall:</p> <ul style="list-style-type: none"> - observe any applicable minimum concessionality requirements of Low Income Countries to the IMF and to IDA, - consider the results of IMF/World Bank country-specific debt sustainability analyses for other countries, - require good governance from government authorities in a buyer country. 	2008
	<p>The 2008 Accra Agenda for Action (AAA) on aid effectiveness</p> <p>It reaffirmed the commitment on untying aid, and called upon DAC members to elaborate individual plans by 2010 to untie their aid to the maximum extent and to improve reporting on the 2001 Recommendation.</p>	2008
Participants (see previous)	<p>Revised arrangement for officially supported export credits</p> <p>The revised Arrangement incorporates all recent decisions and enhancements agreed by the participants, including the new Sector Understanding on Export Credits for Civil Aircraft and the adjusted Local Costs rules (extension of the amount of Local Costs that may be supported from 15% to 30% of the export contract value - 2007).</p>	2009

APPENDIX 7 – BELGIAN FOREIGN TRADE AND DEVELOPMENT INSTITUTIONS

A - Federal Belgian foreign trade institutions

Belgium counts on three federal players to support exports: the Agency for Foreign Trade, the FINEXPO committee and the National Delcredere Office.

The Agency for Foreign Trade

The **Agency for Foreign Trade**, which supersedes the Belgian Foreign Trade Office (OBCE/BDBH), has been running since March 2003. The Agency is defined as a "service centre" for regional institutions promoting foreign trade, and it serves these institutions directly. The Agency is responsible for: a) deciding on and organising joint trade missions on the initiative of one or more Regions or at the request of the federal authorities; b) organising, compiling and disseminating information, studies and documentation on foreign markets for regional services responsible for foreign trade; c) tasks of common interest decided unanimously by the Board of Directors.

FINEXPO

The **FINEXPO** Committee (with regional representation) aims, through its notices, to provide financial assistance to Belgian exporters who wish to launch projects in the fields of infrastructure and associated services. To this end, FINEXPO has five instruments: mechanisms to stabilize interest rates (a purely commercial instrument), state-to-state loans and interest credits (instruments granting concessional assistance and subject to OECD regulations on export credits with or without a grant component), and pure donation.

From 1997 to 2004, the State-to-State loans budget was allocated to the FPS finance and the budget for interest subsidies to the FPS Foreign Affairs. Since 2004, the budget of the three concessional tools has been officially integrated into the Directorate General for Development Cooperation (DGDC) budget. The management of applications is still shared between the two FPS. A new reform of the budget allocation will take place in 2010; the FINEXPO budget for interest subsidies, grants, and stabilisations should be allocated to the SPF Foreign Affairs budget, the budget for State-to-State loans should remain on the DGCG budget and managed by the SPF Finance.

The National Delcredere Office

The National Delcredere Office (ONDD) is the Belgian public credit insurance company with a mission to promote international economic relations. The ONDD performs this task as an autonomous government institution enjoying state guarantee.

The ONDD insures companies and banks against risks related to international commercial transactions, mainly with respect to capital goods, industrial projects, and contracted works and services. To cover these risks, the ONDD also works alongside with banks under risk-sharing schemes. Two major types of risks exist: the political risk (upheaval, revolution, war, but also natural disasters), and commercial risks (the inability or unwillingness of the buyer to comply with its obligations). The ONDD also covers foreign exchange risks and participates in export financing arrangements. To a large extent, activities focus on non-OECD countries since these markets bear a higher risk to Belgian exporters and traders (the ONDD does not insure against export risks in all countries in the world).

The commitments assumed by the ONDD are guaranteed by the State, while part of the political and the commercial risks assumed around the globe is reinsured internationally. For that reason, the ONDD is active in credit insurance working groups within the European Union, the OECD, as well as the Berne Union (International Union of Credit and Investment Insurers). In addition, the ONDD forms part of the Belgian representation in the Paris Club, where it considers the export related private sector credit component of the debt portfolio. The ONDD has set up an array of insurance instruments that can be

used according to specific needs. As far as FINEXPO transactions are concerned, it should be noted that:

- State-to-State loans do not count with a financing insurance to the Bank. It is in fact the State itself that provides the insurance. The exporter insures the export transaction (goods or services, and with or without State guarantee) of which the premium payment forms part of the value of the transaction.
- Interest subsidies: the ONDD insures the financing risk to the commercial bank in Belgium. The ONDD sets the premium based on the political risk and the company underwriting. The premium is part of the total transaction cost.

B - Regional Belgian foreign trade institutions

The law of 13 July 2001 enables the Regions to pursue their own policy on commercial outlets and exports. Such a regional approach to trade has made export funding more readily available to individual companies.

Wallonia Foreign trade and Investment agency – AWEX

The Wallonia foreign trade and investment agency was created on the 1st of April 2004 after a fusion between the Walloon agency for exportation and the Office for Foreign Investors (OFI). The AWEX is in charge of promoting Walloon foreign trade and it deals with foreign investors in the Region. The board of Directors of this public interest organisation is composed of 16 voting members representing equally the Walloon government, employer organisations, and unions. As part of the reconciliation initiated in 1998 between the various departments in charge of international matters of the Walloon Region and French Community, the Director General of the Agency is also responsible for Wallonia-Brussels International (WBI).

The main mission of AWEX is to:

- Increase international visibility and improve the attractiveness of Wallonia;
- Strengthen the professionalism of exporting companies;
- Contribute to the annual increase of Walloon exportations, outperforming European rival regions;
- Broaden the geographic and sectoral ranges of the markets;
- Ensure an after-sales service.

The AWEX acts with two kinds of instruments through the SOFINEX⁶⁹:

- banking instruments: credit guarantee up to 75% and credit for investment operation (joint-venture, creation of subsidiary company);
- tied aid instruments:
 - feasibility study to promote Walloon expertise;
 - bilateral agreements with Tunisia, Morocco, Senegal, Congo: a 35% grant for Walloon goods and services ;

⁶⁹ The Société de Financement de l'Exportation et de l'Internationalisation des Entreprises Wallonnes (SOFINEX) is a joint-stock company created in September 2003 at the instigation of the Walloon regional government in Belgium and resulting from an operational collaboration between the AWEX and the SOWALFIN. Generally, SOFINEX can offer assistance to Walloon businesses in any project of an international nature.

- Emerging countries fund (60 countries): 35% tied grant.

Their support targets Walloon small and medium enterprises (SMEs - a company is considered as Walloon when its productive headquarters are located in Wallonia, the AWEX does not select the companies based on a percentage of Walloon component) that are neither in financial difficulty nor acting in the bank or insurance sectors or trading activities without added-value for the Walloon region.

Flanders Investment Trade – FIT

Flanders Investment & Trade was created in July 2005 following the merger of the former Flanders Foreign Investment Office (FFIO - Flemish foreign investment) and Export Vlaanderen. This organisation aims at promoting sustainable international business both in the interest of companies in Flanders and to foreign companies through synergies and the expansion of networks and expertise achieved by the merger.

Flemish policy supports sustainable and ethically responsible entrepreneurship. Since three quarters of Flemish exports are directed to European partners, it has become a Flemish policy to become an active global player and to look for partners in emerging markets and developing countries. The development component of FIT's activities has recently become more important as the agency is now involved in emerging markets and markets in developing countries. Some of the FIT instruments are especially focused on "non traditional" markets and, today, about half of all FIT subsidies are granted to activities with (or within) ODA eligible countries. This figure is even higher when capital goods are concerned.

In order to promote exports, FIT recurses to eight subsidy instruments⁷⁰. One of these subsidy programmes has objectives comparable to those of FINEXPO: the Flemish Arrangement for the promotion of goods and supplies ("Regeling aangaande de terbeschikkingstelling van Vlaamse uitrustingsgoederen ter bevordering van de export" of March 2000⁷¹).

This Flemish arrangement is particularly aimed at SMEs for the export of high value equipment as used in industry and other capital goods to developing countries (as defined by the OECD lists). The subsidy levels are equal to the OECD Arrangements (50% for LDCs and 35% for middle income and transition countries). Although most conditions adhere to the corresponding OECD Arrangements, no notification is required since the total transaction value remains below the threshold value for notification.

FIT's targets are small and medium-sized companies which provide products of which 70% are of Flemish origin.

Brussels Export

Brussels Export is a partnership between the Foreign Trade Department of the Ministry of the Brussels Capital Region and BECI, Brussels Enterprises Commerce and Industry. BECI was established in 2007 and encompasses the services of the Brussels Chamber of Commerce (KHNB) and of the Union of Brussels enterprises (VOB), as well as over 150 professional associations and inter-professional organisations.

Unlike FINEXPO at the federal level, Brussels Export does not provide financial facilities for the transactions themselves, but supports the facilitation of an enabling environment

⁷⁰ <http://www.flanderstrade.be/site/wwwnl.nsf/subsidiesCategorie?readform>

⁷¹ Besluit van de Vlaamse regering tot vaststelling van de criteria, de voorwaarden en de nadere regelingen aangaande de terbeschikkingstelling van Vlaamse uitrustingsgoederen ter bevordering van de export. BS pagina 8642, publicatie 18 maart 2000. This Arrangement was amended in 2006.

for exports, so that commercial transactions can take place in the best way possible. The government of the Brussels Capital Region supports export promotion through an array of services, amongst which:

- Customized assistance for exporters, either in Brussels or abroad, using a network of 88 economic and commercial *attachés* all over the world.
- Financial incentives offered to SMEs, in particular to conduct individual business trips, participate in international fairs and seminars, develop promotional documents (in particular for markets outside the European Union), contract external foreign trade consultants, etc. Also, the opening of a representative office outside the European Union can be financially supported.
- Collective actions: economic missions, contact days, international fairs, invitations of foreign buyers.
- Supply of information on foreign markets via its website, the Trade Point Brussels, the Brussels Export News, and the monthly digital newsletter.

As the Flanders and Walloon Regional Trade organisation, the main focus of Brussels Export is on small and medium enterprises. The eligible companies must have their head office or productive headquarters located in the Brussels Capital region as well as at least 1/3 of the staff occupied in the same headquarters. The empowerment of SMEs in export is sought through collaboration and association, also at the European level. Brussels Export provides assistance and advice with regard to European issues and a network for European SMEs via the Enterprise Europe Brussels (EEB), a joint initiative of BECI and the Brussels Enterprise Agency (BEA).

C - Federal Belgian aid institutions

The main institutions in charge of ODA or ODA/trade related are the following:

Directorate-General for Development Cooperation - DGDC

The DGDC is the Belgian federal administrative body for development aid. The DGDC is a DG of the FPS Foreign Affairs, Foreign Trade and Development Cooperation and reports directly to the Minister of Development Cooperation. The DGDC is responsible for managing 55 to 65% of Belgian official development assistance.

The execution of the cooperation programmes is entrusted with the DGDC, which is part of the federal Department of Foreign Affairs, Foreign Trade and Development Cooperation. Cooperation between governments is prepared and financed by the DGDC, but it is implemented by the Belgian Technical Cooperation (BTC) organisation. In addition to governmental cooperation, the DGDC co-finances and coordinates other types of cooperation.

Since its reorganisation in 2003, the DGDC is structured into five directorates dealing with various forms of development cooperation. The role of the DGDC is to prepare the policy. The DGDC is supported since 2003 by four departments (General Affairs and Secretariat D0.0, policy support D0.1, D0.2 database, preparation of budgets D0.3, and D0.4 monitoring and evaluation).

Belgian Technical Cooperation - BTC

The BTC is the Belgian agency for development cooperation. The Belgian Technical Cooperation was established in 1998 as a public-law company with social purposes. Its relations with the Belgian State are specified in a management contract. On behalf of the Belgian government, the BTC supports developing countries in their fight against poverty. In addition to this public service, the BTC executes contracts on behalf of other national and international organisations that work towards sustainable human development. In this function, the BTC has signed a framework contract with the Inspectorate for Finance

concerning price studies related to FINEXPO transactions. In particular cases, FINEXPO contracts the BTC to conduct field appraisals, reviews, or ex-post evaluations of FINEXPO transactions.

The BTC also manages scholarships and traineeships granted by the Directorate-general for Development Cooperation (1,000 per year), the General Information Cycle of Belgian development cooperation (900 participants per year), and one awareness campaign aimed at young people: "Annoncer la couleur". The BTC is also charged with the implementation of Trade for Development Centre programme for the promotion of fair trade in Belgium and since 2006, of the Voluntary Service for Development Cooperation programme (VSDC).

Belgian Investment Company for Developing Countries - BIO

BIO was incorporated by the law of 3 November 2001, on the initiative of the Minister for Development Cooperation. BIO is a private company whose capital is equally shared between the Belgian State (DGDC) and SBI/BMI (Société Belge d'Investissement International S.A. – Belgian Corporation for International Investments). BIO's early stage capital amounts to € 5.000.000. Additional investments are funded with additional equity granted by the Ministry for Development Cooperation in the form of profit shares with voting rights.

BIO's mission is to promote the creation of a strong private sector in developing and/or emerging countries, to enable them to gain access to sustainable development and lasting social prosperity, ultimately reducing poverty. BIO invests directly in private sector projects and thus makes a structural contribution to the socio-economic growth of these host countries.

Initially, BIO financed regional or local intermediary structures (banks, investment funds, etc.) to support SMEs and microfinance institutions. These indirect investments allowed BIO to reduce its risks and to benefit from the experience of more mature institutions. It then broadened its mission with the creation of the SME Fund, a tool that aims at directly financing local SMEs.

BIO invests by means of equity, quasi-equity, and medium and long-term loans. It also grants subsidies for feasibility studies and technical assistance programmes, and it provides for guarantees. BIO's interventions are built around three cornerstones:

- Intermediary financial structures: BIO can support microfinance institutions, commercial banks, non-bank financial institutions, SME and microfinance investment funds for amounts up to a maximum of 5% of BIO's means per project. These operations can be executed in Euros, Dollars, or local currencies.
- Enterprises: BIO can invest directly in local SMEs and larger corporations with a maximum amount of € 1.000.000 and € 5.000.000 per project respectively, in Euros, Dollars, or local currencies.
- Capacity Building Fund: This Fund provides grants to co-finance feasibility studies, up to a maximum of 50% of their total cost. The maximum grant available is € 100.000 and the subsidies are non-refundable. BIO can also provide subsidies for technical assistance programmes (training, technology transfer, etc.) upon request from its investee companies, to help them achieve their objectives.

Belgian Survival Fund - BSF

The Belgian Survival Fund is a Belgian Parliament initiative established under the law of 9 February 1999. It follows the same lines as the Belgian Survival Fund for the Third World established in the same manner in 1983.

The programme of the Belgian Survival Fund (BSF) focuses on food security, in partnership with the BTC, Non-governmental organisations (NGOs), and multilateral institutions. The BSF approach is the following:

- emphasis on agriculture,
- integrated approach to the food issue with other social services,
- capacity-building in grassroots organisations and decentralised authorities,
- focus on the problem of individual capacity of persons, and defensive strategies against external shocks.

In addition, projects within the BSF are often test cases, laboratories for an innovative approach by means of which relatively scant resources can still tackle a complex issue.

The Fund's resources come from an extra-budgetary allocation from the National Lottery. The 1999 Fund, which was added to the remainder of the 1983 Fund, makes up a total budget of almost €300 million for this ten-year period. Expenditures have increased since 1999 from around €10 million a year to more than €30 million p.a. A new "Belgian Fund for Food Security" is being developed and the related law was scheduled to be submitted to parliament in 2009.

Other institutions

According to the DGDC statistics on Belgian ODA⁷², ODA is also delivered by the FPS Foreign Affairs excluding the DGDC (humanitarian relief, conflict prevention and contribution to international institutions), the FPS Finance (State-to-State loans, debt cancellation, e.g.), other FPS (including Defence), the Delcredere office (debt cancellation), the FEDASIL, the regions, the commune, and the decentralised public services.

D – Institutions involved in FINEXPO

The presidency of the committee is ensured by the General Director of bilateral affairs from the FPS of Foreign affairs. He is supported by:

- a vice-president – the Director of Administration of the Treasury from the FPS Finance,
- and a secretariat – the First Attaché of the Administration of the Treasury from the FPS Finance and the Counselor at the International Financial Policy. The secretariat is in charge of the follow-up of the files related to interest subsidies, donation, stabilization and outline agreement submitted to the committee.

Since the Royal Decree of February 25, 2003, the committee has been made up of the following:

- 2 representatives of the Federal Ministry of Foreign affairs (the managing director of the Bilateral Affairs);
- 2 representatives of the Federal Ministry of Finance (including Administration of the Treasury);
- 1 representative of the member of the Federal government who has the Foreign trade under its attribution;

⁷² http://www.dgci.be/documents/fr/statistiques/apd_belge_2008.pdf, Aide publique belge au développement 2004-2008

- 1 representative of the FPS Economic affairs in charge of analysis of the impact of the projects on the Belgian economy.
- 1 representative of the member of the Federal government who has development cooperation under its attribution in charge of the assessment of the relevance for development of the projects;
- 1 representative of the Federal budget;
- 1 representative of the member of the Federal government who is in charge of Budget and Small and Medium Enterprises;
- 1 representative of the National Delcredere Office, in charge of the risk analysis of the recipient organization or the company as well as the environmental impact assessment of the relevant projects;
- 2 representatives of each of the 3 regions.

FINEXPO also seeks the World Bank support for advice on the relevance for development of the projects and the Embassies support for advice on the relevance for trade and development.

When required by the Inspector of Finance, the BTC is contracted to provide either a pricing study or an evaluation of State-to-State loans projects.

Some banks advise their client companies regarding the FINEXPO instruments.

APPENDIX 8 – BENCHMARK

The programmes listed in table 11 have been studied and analyzed on various components, being the eligibility conditions; the envisaged target group(s), the organization of the implementation, the magnitude of the portfolio, the appraisal and approval process, and the way trade relevance is balanced against development relevance.

The corresponding questions have been summarized in the following table:

Table 21: Elements of comparison among export support programmes

Elements for comparison	Corresponding questions	Refer to
Brief description of instrument	What are the objectives? Is the programme applicable to the delivery of both goods and services? Is the programme open to all countries, or ODA countries only?	Table 21.1
Special conditions for funding?	Is the programme open to all products, or restricted to certain products, services or sectors (like infrastructural works)? Is the combination with other instruments (like TA) compulsory? Is the programme restricted to specific countries? Any restriction on tied aid?	Table 21.2
Target group of the instrument	What are the final and intermediary beneficiaries? Is it a buyers or suppliers credit?	Table 21.3
Implementing Agency	Who implements the programme? Has it been out-sourced to a (development) bank or agency?	Table 21.4
Magnitude of portfolio and budget	What is the duration of the instrument? Is the budget allocated annually and how much is the annual allocation?	Table 21.5
Identification, application and approval	Who identifies the intervention? What is the application procedure (passive or active promotion) of the instrument? What is the approval procedure and who approves? Is the appraisal centralised or decentralised? Is the technical and financial appraisal out-sourced?	Table 21.6
Special requirements for approval	What are the requirements for approval, for example with respect to national origin of products and services; country ceilings; additionality criteria? Any special condition on export insurance, transaction restrictions? Ex-ante assessment of price distortion?	Table 21.7
Trade relevance	What criteria are used to determine the trade relevance of a transaction to the national economy, or exports?	Table 21.8
Development relevance	What criteria are used to determine whether a transaction is relevant for development of the partner country?	Table 21.9

As result of the methodological constraint not for all programmes all questions could be properly addressed, but the following tables present the available information.

Table 21.1: Description of the instrument

Description of instrument	
France: RPE	<p>The objective of RPE is twofold: 1) to provide development assistance and 2) to promote French technology and support French companies. The programme provides exclusively tied aid.</p> <p>The RPE is an instrument for intergovernmental loans carrying a sovereign guarantee. It is the product of the reform of financial protocols that took place in 1998 aimed at simplifying the procedures for granting and managing soft loans and enhancing their effectiveness.</p>
Germany: KfW / ERP Export Fund	<p>Objective: to enhance exports of capital goods and services from Germany (tied aid) to developing countries according to the List of ODA Recipients of the OECD DAC valid at the time.</p> <p>In the case of export financing transactions for existing enterprises (corporate risks), and in the case of sovereign risk transactions that fulfil the following criteria:</p> <ul style="list-style-type: none"> ▪ a repayment period of not more than 7 years, or ▪ a loan amount of not more than € 15 million or a financing share from KfW IPEX-Bank of less than 20% in the overall financing, or ▪ use of goods/services financed predominantly for replacement investments. <p>The interest rate is fixed in conformity with the minimum interest regulation of the OECD Arrangement on Officially Supported Export Credits.</p> <p>Depending on the available funds, the loan amount is determined as follows: loan amount:</p> <ul style="list-style-type: none"> ▪ up to € 25 M: 85 % of the order value; ▪ up to € 50 M, the max loan amount is € 21.25 M ▪ above € 50 M: 85 % of half the order value, with an upper limit of € 85 M
Germany: Financial Cooperation Composite loan Germany	<p>Objective: reduction of interest rates on loans for development projects.</p> <p>These development projects may (or may not) encompass a component of export of products and services from German origin (untied aid).</p> <p>KfW adds from its own resources funds to development loans (composite loans, mixed finance loans and reduced-interest loans) provided by the German Federal Government. KfW also offers promotional loans, which are financed exclusively with KfW funds obtained in the capital market.</p> <p>Untied Composite Loans must contain a grant element of at least 25% to qualify as ODA. Owing to the OECD Consensus rules, tied Composite Loans are available only for projects that are commercially non-viable. The grant element required in this case is at least 35%.</p>

Denmark: Mixed credit programme	<p>The overall objective of the mixed credit programme is to contribute to poverty reduction in selected developing countries through the involvement of the Danish private sector in implementing development projects.</p> <p>The operative objectives are 1) to support activities contributing to create viable economic growth in the recipient countries, including activities within infrastructure, 2) improve the social sectors in the recipient countries and thereby improving living conditions of the respective populations, 3) increase the production of sustainable energy in the recipient countries, and 4) improve the environmental situation and the working environment of the recipient countries.</p> <p>The Danish mixed credit is an interest-free or low-interest loan, typically with 10 years' maturity aimed at financing supplies of equipment and related services for development projects.</p> <p>Tied credits are the starting point for any project under this programme, but conditions have been differentiated. Untied mixed credit facilities are available to Danida's Programme Countries and South Africa. A tied credit facility is made available to relatively creditworthy countries being a lower or upper middle income country (tied and untied depending on the country of intervention). The subsidy of a Danish Mixed Credit consists of up to three elements:</p> <ul style="list-style-type: none"> ▪ Payment of interest – fully or partly ▪ Payment of the export credit premium and other financial costs ▪ Up-front grant to reduce the principal of the loan (only for projects in least developed countries).
Spain: Fondo de Ayuda al Desarrollo	<p>The Development Assistance Fund (Fondo de Ayuda al Desarrollo – FAD) was established in 1976. FAD's objective is to transfer financial resources to developing countries and international development institutes. Up to the 1990s, FAD was almost exclusively dedicated to the export of goods and services by Spanish companies, hence it was an instrument of official export support. Nowadays, and in adherence to the various OECD Arrangements, FAD combines the objectives of internationalisation of the Spanish private sector with development assistance and is composed of three main modalities:</p> <ul style="list-style-type: none"> ▪ FAD for internationalisation; ▪ Contributions to multilateral organisations and fiduciary funds established by international organisations, like the World Bank; ▪ Contributions to special funds, like those for Palestinian Refugees, or the climate change. <p>For comparison with FINEXPO, only FAD Internationalisation is of relevance. And among the instruments put in place for FAD</p>

	<p>Internationalisation, only the grants and loans for exports will be considered and CARI (see below)⁷³.</p> <p>The FAD Internationalisation “grants and loans for export” has as objective to grant financial support on concessionary basis to start or consolidate development relevant projects in developing countries, in the sectors education, sanitation, electrification. These projects may –or may not- encompass the export of goods of Spanish origin (tied and untied aid). Within the “grants and loans for export” there are two operational forms:</p> <ul style="list-style-type: none"> ▪ Specific grant/loan for a specific transaction ▪ Credit line for a package of linked activities (for example a long-term programme for railway rehabilitation) <p>Only all countries identified by the OECD as developing countries are eligible for this support⁷⁴.</p>
Spain : CARI	<p>Objective: to provide financial back up support for the export of Spanish goods and services.</p> <p>The Contrato de Ajuste Recíproco de Intereses (CARI) or Interest Make-Up System is a support to Spanish export of goods and services, whereby for long-term transactions (over 2 years) the interests are being fixed (tied aid). CARI is one of the sub-components of the FAD for internationalisation⁷⁵. In line with the FAD system, there are three different groups of clients:</p> <ul style="list-style-type: none"> ▪ Spanish exporters and foreign importers ▪ Financial entities, like banks, credit cooperatives and savings banks ▪ Spanish (international) public entities and agencies <p>The operation is comparable to the FINEXPO interest stabilisation modality (excluded from the present evaluation): the “Consensus” interest rate⁷⁶ of each CARI-supported loan is compared every 6 month with the interest rate that the financial institution would have obtained at market conditions. In the case the lender would have obtained a higher rate in the market, the difference plus a small administration fee is compensated by CARI.</p>
Netherlands: ORET	<p>The ORET programme was established in 1979 as a mixed credit programme and its objectives changed over time. The objectives formulated in 1998 remained unaltered until its finalisation in 2007. Those objectives were threefold: 1) to promote export of Dutch goods and services 2) to promote employment in developing countries by facilitating investment in the economic and social infrastructure and 3) to improve the business climate in developing countries (tied aid).</p>

⁷³ FAD Internationalisation has another instrument that indirectly supports the export of Spanish goods and services: the FEV-instrument grants the costs for feasibility studies in developing countries up to an amount of € 300,000. Next to FEV, FAD counts with special support instruments for micro-credits and for the water and sanitation sector.

⁷⁴ For current OECD list, see: <http://www.oecd.org/dataoecd/32/40/43540882.pdf>. FAD –in accordance to OECD guidelines- does not provide concessional credit to countries of which the GDP per capita exceeds USD 3,035 per annum (2009).

⁷⁵ See: <http://www.ico.es/web/contenidos/5/4/1604/index>

⁷⁶ The minimum rates, known as Consensus rates, are regulated by the Organisation for Economic Co-operation and Development (OECD)

	<p>In 1983, the Development Related Export Transactions (ORET) programme was launched in a joint effort of the ministries of Foreign Affairs and Economic Affairs. In 1987, the mixed credits were replaced by a programme of less concessional loans, which were not only provided for exports of capital goods, but also included service contracts that were linked to civil engineering and/or institutional building. In 1991, the Netherlands development cooperation abandoned the provision of loans and ORET (renamed into Development Relevant Export Transactions) replaced loan-based financing by the award of grants (in fact to the supplier, enabling suppliers to offer either lower prices for goods and services, or suppliers credit). The Industry and Environment programme MILIEV was set up in 1993 and was comparable to ORET, but with a higher grant percentage (up to 53%). In 1998, the programmes merged into ORET/MILIEV under a single set of procedural guidelines.</p> <p>After the untying of aid agreement in OECD, several modification were introduced, such as the establishment (2002) of the Least Developed Infrastructure Fund⁷⁷ within FMO, with a budget of approximately € 49 million per year, in part subtracted from the ORET/MILIEV budget. More changes took place in 2006 and 2007, such as the separation of MILIEV from ORET. After an evaluation⁷⁸ that concluded that the development objectives were not reached in full, the ORET programme was closed per 1st August 2007⁷⁹.</p>
Netherlands: ORIO	<p>ORIO means "Development Relevant Infrastructure Incentive"⁸⁰. Its objectives⁸¹ are: (1) the development, implementation (construction/ renovation/ extension) and exploitation of public infrastructure in developing countries. (2) contribution to the Millennium Development Goals, (3) provide benefits to the poorer strata of the society, and (4) promoting the involvement of the private sector in the development, technology and knowledge concerning public infrastructure in developing countries.</p> <p>The successor programme of ORET was developed as a joint concept by the ministries of Foreign and Economic Affairs and the Dutch umbrella organization for employers, the VNO/NCW. The programme was launched in March 2009 with an annual budget of € 190 millions. By February 2010, however, the implementation arrangements had not been completed, so the programme had a slow start and is/was not fully operated yet.</p>

⁷⁷ In October 2001, the members of the OECD/DAC committee decided to untie Official Development Assistance to the Least Developed Countries as from the 1st of January 2002 onwards. It was agreed that total volume of aid would not decrease as a result of this agreement. As a result of this decision, the Ministry of Foreign Affairs decided to close the ORET/MILIEV programme for LDCs. In order to compensate LDC countries and to open up new opportunities to Dutch companies a new programme was created, called the LDC Fund. The regulations of 2005 introduced a change of policy of the Netherlands Ministry of Foreign Affairs. As from the 1st of January 2005 onwards the ORET programme became untied for LDCs and the objectives of the programme were amended to that end. See: Investing in infrastructure. Evaluation of the LDC Infrastructure Fund. Ministry of Foreign Affairs of the Netherlands. IOB Evaluations no 324, July 2009.

⁷⁸ Berenschot, SEOR, Ecolas. (2006) ORET/MILIEV Evaluation 1999-2004. Rotterdam.

⁷⁹ For the benchmarking use has been made of the ORET/MILIEV arrangement as per 21 March 2002, a regulation applied up to late 2006. Where necessary reference is made to later modifications.

⁸⁰ Source: Ministerie van Buitenlandse Zaken (2008). Directie Duurzame Economische Ontwikkeling. Ontwikkelingsrelevante Infrastructuurontwikkeling (ORIO). See also: Tweede Kamer (2009), kamerstuk nummer 31200V-116.

⁸¹ Source: Beleidsregels Schenkingsfaciliteit ORIO. EVD; Ministerie van Buitenlandse Zaken. 2009.

	<p>As compared to ORET, ORIO⁸² enhances the importance of the development impact and sustainability and add the striving for long-lasting relations and twinning embedded in strong institutions (capacity building). ORIO is not in particular aimed at supporting the export of Dutch goods and supplies (tied and untied aid). The programme is more a chain-approach than an approach in benefit of an individual company. In this approach export of capital goods may be financed as a component, but hardly as a stand-alone activity. ORIO assumes to provide better connectivity with SME's in recipient countries.</p> <p>ORIO is open to two categories of countries: ORIO A for the LDCs and ORIO-B for a predetermined list of other countries. The procedures are different. For ORIO A the OECD-DAC Guidelines for untied aid are strictly adhered to. Since no international competitive bidding is required for the ORIO-B activities, in accordance to the OECD arrangement ORIO-B will be considered as de jure tied aid.</p>
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Table 21.2: Conditions for funding

Special conditions for funding	
France: RPE	<p>The following sectors are eligible to the programme:</p> <ul style="list-style-type: none"> ▪ urban transport for persons; ▪ infrastructure for drinking water supply; ▪ collection and treatment of waste water and solid waste; ▪ energy (in particular clean energy), and ▪ projects entering the mechanisms envisaged by the Kyoto protocol. <p>The programme looks for active (financial) relations with international financing institutes, or for linking the programme with national infrastructure development programmes supported by multilateral financiers.</p> <p>RPE is restricted to emerging countries with high potential. Eligible countries are Algeria, Azerbaijan, China, Egypt, Indonesia, Morocco, the Philippines, Pakistan, Tunisia, Vietnam, Sri Lanka, while on a case by case basis other countries are eligible as well: Albania, Armenia, Mongolia, and Thailand. If co-financing is obtained with an International Financing Institute, also Bolivia, Colombia, El Salvador, Guatemala, Uzbekistan and Peru are eligible.</p>
Germany: KfW / ERP Export Fund	<p>The German ERP Export Fund adheres to the eligible sector mentioned in the OECD Arrangements.</p>

⁸² The grants are registered as Official Development Assistance (ODA) as defined by the DAC Guiding Principles for Associated Financing and Tied and Partially Untied Official Development Aid (April 1987) of the OESO. Hence, the grants are not considered as "subsidies" in terms of public finance. The concessionary element of ORIO for the non LDCs will be at least the percentage agreed upon with OECD: 35%; for LDCs this is at least 50%; while for fragile states the grant element might be as high as 80%.

	<p>Also for the eligibility of countries, ERP adheres to the List of ODA recipients of the OECD DAC valid at the time.</p> <p>Eligible sectors are:</p> <ul style="list-style-type: none"> ▪ energy and environmental technology; ▪ telecommunications/media; ▪ shipping; ▪ aerospace and airports; ▪ land-based transport, seaports; and ▪ construction.
Germany: Financial Cooperation Composite loan Germany	<p>Composite Loans are available for financing projects that are eligible for promotion according to development-policy criteria in the fields of:</p> <ul style="list-style-type: none"> ▪ infrastructure: (telecommunications, energy supply, transport, water supply and waste management), ▪ industry and ▪ environmental technology. <p>The loans are open to developing countries, according to the OECD-DAC list categories "other low income, lower middle income and upper middle income".</p>
Denmark: Mixed credit programme	<p>Subsidies are granted for development projects in a number of developing countries (up to upper middle income). The supplier must be a company registered in Denmark, and sufficient Danish interest in the project must also be proved. Minimum 25% Danish interest is required for projects in China.</p> <p>In principle all kind of projects can be taken into consideration, but in practice the arrangement is applied in accordance to the sectors considered by the OECD:</p> <ul style="list-style-type: none"> ▪ water supply and sanitation, ▪ renewable energy, ▪ infrastructure, ▪ environment, ▪ health, and ▪ education. <p>The minimum contract amount to be financed is € 1 million, while the maturity is normally 10 years.</p> <p>Special requirement is that the financing should not affect negatively the country' balance of payments, neither its public debt sustainability. Therefore, recipient countries should be creditworthy, i.e. categorised in premium groups 1 to 6 out of 7 possible by the Danish Export Credit Fund (EKF) (except for Denmark's Programme Countries).</p> <p>Support to individual projects that require a subsidy of more than DKK 100 million are not approved, except for projects in Danida's Programme Countries</p>
Spain: Fondo de Ayuda al	<p>In accordance to the OECD Arrangement, the project should not be commercially viable.</p>

Desarrollo	<p>The value of the component of Spanish origin (minimum 15%) encompasses the transport and insurance costs of exports, if the exporter is a Spanish company, the costs of credit insurance and all local costs (max 15% of total value) made by Spanish exporters or trading companies.</p> <p>FAD may provide grants and loans for between 35% and 100%.</p> <p>In most cases there is no 100% financing, so the remaining financing should be on commercial grounds. This commercial component should be covered by the Spanish export credit insurance company CESCE for political and commercial risks against an interest rate used by ICO for its CARI system.</p>
Spain : CARI	<p>The Spanish origin, or value added of the products or services to be exported should be proven by certificates.</p> <p>A cash payment equivalent to at least 15 % of the amount involved in the goods and services exported is required. Hence, the credit will finance up to 85 % of the Spanish goods and services exported (this may include freight, transport insurance and the insurance premium on the export credit if these services are provided by a Spanish company). Only the Spanish export credit insurance company CESCE may provide coverage on the state's part and should cover political and extraordinary risks in non-OECD countries.</p> <p>In compliance to the OECD's new anti-corruption regulations, a sworn statement will be required as to the non-existence of illicit payments in the assignment of the export contract.</p>
Netherlands: ORET	<p>The ORET eligible sectors⁸³ were:</p> <ul style="list-style-type: none"> ▪ Energy and transportation ▪ Environmental protection and waste management ▪ Medical equipment and supplies ▪ Education ▪ Water treatment and sanitation ▪ Agriculture and water conservation. <p>A special condition was that the projects were not allowed to cause any damage whatsoever to the environment in the recipient country.</p> <p>In order to qualify for a grant, proposals had to meet the following criteria:</p> <ul style="list-style-type: none"> ▪ Projects must be commercially non-viable, i.e. Financing on market considerations was not feasible; ▪ Project should tie in with the Dutch development policy and should not thwart any existing agreement between

⁸³ The kind and characteristics of the ORET transactions make it impossible to classify the support to specific sectors. Many transactions would qualify as multi-sectoral. In 2002 the most important sectors were the environment, construction works, including dredging, social infrastructure and equipment and transport. In 2004 energy and environment happened to be the most important sectors, while in 2006 this were social infrastructure and health. Over the period 1999-2007 most ORET-projects were attending the sectors transport, health, water infrastructure (incl. harbour infrastructure) and drinking water.

	<p>the Dutch government and the recipient;</p> <ul style="list-style-type: none"> ▪ The project must not harm the interests of the poor or have a negative impact on disadvantaged groups, incl. women; ▪ Investments should stimulate sustainable economic, ecological and social development; ▪ The end user must be sufficiently capable, in all respects, of ensuring (long-term) sustainable management of the project; ▪ The share of the Dutch origin in the transaction has to be at least 60% of the total transaction amount (or at least 10% from the developing country); ▪ The price quality ratio of the transaction had to be in line with markets standards. <p>After 2006, the projects in LDCs (ORET A) had to respond to international competitive bidding in accordance to OECD Guidelines⁸⁴</p> <p>In 1995, China was granted to so-called "Kok package", implying that approximately 40-50% of all approved ORET/MILIEV funds had to be used for establishing trade relations with China. Late 2003, this percentage was reduced to 20%, (similar to the maximum used for each single country).⁸⁵</p> <p>Out of the OECD-DAC list⁸⁶, the ORET A for LDCs comprised the following 44 countries: Albania, Algeria, Armenia, Azerbeidzjan, Belize, Bolivia, Bosnia-Herzegovina, China, Colombia, Dominican Republic, Ecuador, Egypt, El Salvador, Fiji, Philippines, Georgia, Ghana, Guatemala, Guyana, Honduras, Indonesia, Iran, Ivory Coast, Jamaica, Jordan, Cameroon, Kazakhstan, Kenya, Macedonia, Namibia, Nicaragua, Pakistan, Palestine Territories, Peru, Serbia-Montenegro, Sri Lanka, Surinam, Syria, Thailand, Tunisia, Vietnam.</p> <p>ORET B countries per July, 31st 2007 were: Afghanistan, Angola, Benin, Bhutan, Burkina Faso, Burundi, Cambodia, Central African Rep., Comoro Islands, Congo Dem. Rep., Djibouti, Eritrea, Ethiopia, Gambia, Guinea, Guinea Bissau, Haiti, Yemen, Cape Verde, Kiribati, Laos, Lesotho, Liberia, Madagascar, Malawi, Maldives, Mali, Mauretania, Mozambique, Nepal, Niger, Eastern-Timor, Rwanda, Salomon Islands, Samoa, Sao Tomé & Principe, Senegal, Sierra Leone, Somalia, Sudan, Tanzania, Togo, Chad, Tuvalu, Uganda, Vanuatu, Zambia (Myanmar was excluded as a result of ILO observation on child labour).</p> <p>In the early years ORET offered a (minimum) grant of 40 %, while</p>
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⁸⁴ DAC Recommendation on Untying Official Development Assistance to the Least Developed Countries, DCD/DAC (2001) 12/FINAL, amended on 15 March 2006 n- DCD/DAC (2006)25.

⁸⁵ Apart from China (that benefitted eight years of a preferential treatment), Ghana received a considerable share of the ORET funds (in 2007 China and Ghana together counted for 43,4% of the ORET-portfolio). Other frequent recipients were Vietnam (as an important LDC and emerging market), Indonesia and Tanzania.

⁸⁶ See for the actual list: <http://www.oecd.org/dataoecd/32/40/43540882.pdf>

	<p>the costs of the commercial loan were often subsidised up to a maximum of 5 %. In special cases (like the MILIEV) the grant could be higher, to be decided on a case-by-case basis. Or particular components could be granted, like the environmental component could be subsidised up to 100 %. However, on average the programmes adhered to the OECD minimum of 35 %, and 50 % for LDCs.</p>
<p>Netherlands: ORIO</p>	<p>ORIO is restricted to two to three sectors per country. These sectors are determined by the Netherlands embassies, the Ministry of Economic Affairs and the Dutch enterprises and will be based on the National Development Plans or Poverty Reduction Strategy Papers. Sector are chosen, where Dutch entrepreneurs and companies may have comparative advantages, such as the water management sector, transport and energy⁸⁷.</p> <p>Although the elaboration of the project proposal can be subject to a first subsidy⁸⁸, for the LDCs proposals elaborated have to be appraised once more against ORIO criteria and have to be subject to international competitive bidding. The winning company will be contracted by the local government in adherence to OECD-DAC criteria for untied aid.</p> <p>For non – LDC countries, the subsidy for the pre-feasibility and feasibility stages might be as high as 50%; the remainder should be at the cost of the (consortium) of the proposing company (ies). There is no guarantee to the proposing consortium that they will be chosen for the implementation of the project. But for ORIO-B countries no international competitive bidding is required. According to the OECD arrangement this ORIO-B will be considered as <i>de jure</i> tied aid. The selection of the implementing company is determined by the price-quality relation, and not by price alone.</p> <p>All provision of goods and services should respect the laws on procurement of the recipient country, as well as the principles of good procurement of the OECD⁸⁹. For the LDCs and HIPCs (ORIO A list) apply the 2001 Arrangement on Untying ODA to the LDCs and the 2008 extension to HIPCs. For the non LDCs (ORIO B list) projects may be implemented based on limited international bidding (LIB) or national competitive bidding. For all countries ORIO adheres to the OECD principles on sustainable lending⁹⁰.</p> <p>In 2009, the ORIO-A list (the LDCs) comprised 29 countries: Afghanistan, Angola, Bangladesh, Benin, Bhutan, Burkina Faso, Burundi, Congo Dem. Rep., Ethiopia, Gambia, Yemen, Cape Verde, Kiribati, Malawi, Maldives, Mali, Mozambique, Niger, Eastern-</p>

⁸⁷ The Ministry of Foreign Affairs refers to contributions to almost all Millennium Development Goals. See: Ministerie van Buitenlandse Zaken (2008) Directie Duurzame Economische Ontwikkeling. Ontwikkelingsrelevante Infrastructuurontwikkeling (ORIO) p.5

⁸⁸ This is comparable to World Bank – IFC facilities and instruments developed by the European Commission.

⁸⁹ Good Procurement Practices for Official Development Assistance, OECD/DAC.

⁹⁰ OECD/DAC (2008). Principles and Guidelines to Promote Sustainable Lending Practices in the Provision of Official Export Credits to Low Income Countries.

	<p>Timor, Rwanda, Samoa, Sao Tomé & Príncipe, Senegal, Sudan, Tanzania, Tuvalu, Uganda, Vanuatu and Zambia⁹¹, while special arrangements exist for non LDC partner countries like Bolivia, Ghana, Nicaragua and South Africa (up to 2014).</p> <p>The ORIO-B list contains 24 countries: Albania, Algiers, Armenia, Bosnia-Herzegovina, Colombia, Egypt, Philippines, Georgia, Guatemala, Indonesia, Kenya, Kosovo, Macedonia, Morocco, Moldavia, Mongolia, Montenegro, Pakistan, Palestinian Territories, Peru, Serbia, Surinam, Thailand, Vietnam⁹².</p> <p>The grant percentage for ORIO A will be determined by sector, taking into consideration the minimum concessional level indicated by IMF and World Bank for that particular country (varies between 35% and 60%)⁹³. The rest financing is supposed to come from the recipient country, also as a sign of commitment. For ORIO-B two annual subsidy tenders will be organised and the appraisal agent selects the most innovative and solid projects. Although no ICB is required, there is untying of aid, since the process is open to companies from all nationalities worldwide.</p>
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Table 21.3: The target group(s) of the instrument

Target group	
France: RPE	Predominantly state-to-state loans that are provided at concessional terms for procurement of French products. It is a buyer's credit. Target groups are the governments (and public entities) of the recipient country and French manufacturers and exporters.
Germany: KfW / ERP Export Fund	Either private companies can apply, or banks of the contracting party can apply for credit. Predominantly state-to-state loans that are provided at concessional terms for procurement of German products. A second option is the bank-to-bank loan. Target groups are public entities in the recipient country, national (development) banks and German manufacturers and exporters.
Germany: Financial Cooperation Composite loan Germany	Buyers benefit in the first place. The borrowers may be either public entities or project-executing agencies benefitting from a state guarantee. Target groups are the public sector in developing countries and German manufacturers and exporters.
Denmark: Mixed credit programme	Predominantly loans that are provided to public entities at concessional terms for procurement of Danish products. It is a buyer's credit system. Target groups are the public entities in recipient country and the Danish manufacturers and exporters.
Spain: Fondo de Ayuda al	Target groups are the governments (and public entities) of the recipient country or companies officially registered as residents of

⁹¹ This list contains less countries than the comparable ORET-A list, since various countries were removed due to a high-risk profile excluding them from Atradius export credit insurance. After 2011 Cape Verde will be eliminated as well, since the Dutch development relation will come to its end.

⁹² After 2011 Albania, Armenia, Bosnia-Herzegovina and Macedonia will be eliminated from the ORIO-B list, due to a change in their relation to the European Union, while also Algiers, Philippines, Morocco, Montenegro, Peru, Serbia and Thailand will be eliminated, while Iran, Ivory Coast and Jamaica might be added. Egypt, Georgia, Indonesia, Moldavia, Vietnam and Surinam will be eliminated after 2014.

⁹³ This percentage is determined on the base of the Debt Sustainability Framework (DSF) for a particular country. This is in accordance with the Principles for Sustainable Lending as agreed upon among OECD member countries. For fragile states, like Afghanistan, Burundi, the Democratic Republic Congo, Sudan and the Palestinian Territories, the concessional finance may reach 80 %. In such a case, the agreements for OECD participants do not apply anymore and international competitive bidding is not required.

Desarrollo	the recipient country. In the case the credit-taker or the recipient of the grant were a public agency or company or a company with residence in the beneficiary country, it should count with approval or guarantee by government.
Spain : CARI	<p>The target groups are, according to each specific case:</p> <ul style="list-style-type: none"> ▪ Spanish exporters; ▪ Foreign importers; ▪ Financial entities, like commercial banks, development banks, and saving co-operatives; ▪ Spanish (international) organisations and public entities. <p>The system is both a support to suppliers and a support to buyers. It enables both suppliers of goods and services as well as their banks to provide suppliers' credit over a longer period of time. The following distinction can be made:</p> <p>Foreign buyer credit: The financial entity grants the credit to the foreign buyer who thereby becomes a borrower; the supplier or exporter receives the amount of the credit directly, as payment for the sale made.</p> <p>Domestic supplier credit: In this case, it is the exporter who assumes the role of borrower. The only obligation existing between the foreign buyer and the supplier or exporter is that established under the commercial contract.</p> <p>Credit facility: This is a variation of the buyer credit. The financial entity places an overall amount from which various commercial contracts may be financed at the disposal of the borrower, usually a bank in the buyer country.</p>
Netherlands: ORET	Basically a support to suppliers. The financing enables the supplier to offer goods and services at a lower financial cost to the buyer. Target groups are the governments (and public entities) of the recipient country and the Dutch manufacturers and exporters.
Netherlands: ORIO	The first target group is composed by the governments of eligible countries. The second target group is composed by –not necessarily Dutch- enterprises that have distinctive qualities to contribute to infrastructural development in the eligible countries. ORIO has a special focus on small and medium enterprises in developing countries, that can be considered as a third target group. The benefit to the Dutch manufacturers and exporters is indirect: specific sectors in an eligible country are chosen in such a way that Dutch companies may have distinctive qualities and knowledge. This is enhanced by the 'right of initiative' for companies, although there is no guarantee that good ideas will be implemented by the companies that proposed them.

Table 21.4: The implementing organisation or agency

Implementing Agency	
France: RPE	The Ministry for the Economy, Industry and Employment administers two private sector support instruments, of which RPE is one. The management is the responsibility of the Directorate General for Treasury and Economic Policy (DGTPE).
Germany: KfW / ERP Export Fund	The implementing agency is KfW IPEX-Bank GmbH
Germany: Financial Cooperation	Within the Federal Government the Ministry for Economic Cooperation and Development (BMZ) bears the political responsibility for steering and monitoring the support

Composite loan Germany	programme. The projects are selected in dialogue with the partners in the developing countries. The financial aspects are implemented by KfW on behalf of BMZ.
Denmark: Mixed credit programme	<p>On behalf of the Danish Ministry of Foreign Affairs, the Danish International Development Agency (DANIDA) administers the programme.</p> <p>The Department for Business Cooperation & Technical Assistance is the entry-point for companies to Danish development assistance.</p> <p>In financial terms, the programme is administered by the Secretariat for Mixed Credits of the Ministry of Finance. The Committee for Mixed Credits has the function of a board and meets once a month where it approves projects, screens potential new projects and enacts new policies. Its members are chosen from the business community, the civil society and government ministries.</p>
Spain: Fondo de Ayuda al Desarrollo	<p>Like the other funds of the FAD, the FAD Internationalisation is financially administered by the Instituto de Crédito Oficial (ICO).</p> <p>The promotion, appraisal and monitoring of the FAD Internationalisation is done by the Directorate General for Trade and Investment of the Department for Tourism and Trade (Secretaría del Estado de Turismo y Comercio) of the Ministry for Industry, Tourism and Commerce. The Directorate General appraises all in-coming proposals and submits the approved proposals through the Secretary and Ministry to an Inter-ministerial Commission of the Cabinet. This Inter-ministerial Commission approves formally the responsibilities of the state.</p> <p>Once approved by the Commission, ICO acts as the official financial agent of the Government of the Nation and hence negotiates, signs and manages the funds of the state. ICO is responsible for all administrative procedures related to the financing. ICO negotiates with the recipient country regarding the conditions and specifications of the International Agreement (Convenio), looks for all necessary approvals and budget endorsements. It also monitors the financial implementation. ICO is also represented in the Paris Club meetings and advises with respect to debt restructuring and reduction of the loan portfolio.</p>
Spain : CARI	<p>The promotion of the CARI programme and the appraisal of the applications are responsibility of the Directorate General for Trade and Investment. This Directorate authorizes the financial administration by ICO. All procedural and financial management is done by ICO (and where applicable, the export insurance company: Compañía Española de Seguro de Crédito a la Exportación, S.A. (CESCE). ICO takes care for the liquidation of the interest adjustments and monitors the repayment obligations.</p>
Netherlands: ORET	<p>Up to 2002, the Directorate General for International Cooperation (DGIS) of the Netherlands' Ministry of Foreign Affairs was responsible for the management and administration of the ORET/MILIEV programme, supported by the Ministry of Economic Affairs and the Ministry of Finance. In March 2002, the administration of the Fund was transferred to the Netherlands Bank for Developing Countries (NIO-bank), a subsidiary of the Netherlands Development Finance Company (FMO). NIO-bank was supposed to coordinate permanently with the Ministry of Economic Affairs. The pre-appraisal of applications was out-</p>

	sourced to a private consultancy company (Ecorys). The NIO-bank was largely dismantled in 2006 and in January 2007, the appraisal of proposals, the management and the financial banking services were out-sourced to a consortium led by an international accountancy company with a banking licence. This consortium was labelled ORET.nl.
Netherlands: ORIO	The Ministry of Foreign Affairs has assigned the International Department for Economic Publicity (EVD), part of AgentschapNL as the administrative responsible agency. The selection of initiatives / projects that might be supported by ORIO resources takes place on the basis of half-yearly competition rounds for the best proposal. The assessment of the proposals, and hence the selection of the projects will be outsourced to specialised consultants. ⁹⁴ The appraisal agent has to collaborate with the government of the recipient country in order to ensure that activities will be fully supported by the recipient. The subsidy itself will be provided by the Ministry of Foreign Affairs.

Table 21.5: Magnitude of the portfolio and the budget

Magnitude of portfolio and budget	
France: RPE	The programme started in 1998, hence to date; it has operated for 12 years. The budget distinguishes between expenditures based on existing commitments and a budget for new commitments. In 2009 € 180 million was available for expenditures and € 700 M for new commitments. The budget for 2010 allocates € 300 M for existing and € 400 M for new commitments. The real expenditure over the period 1998 – 2008 has reached approximately € 1.9 billion, or on average € 190 M per year.
Germany: KfW / ERP Export Fund	The budget for the ERP fund forms integral part of a general allocation to KfW. In 2008, the total amount of commitments by KfW IPEX Bank GmbH (of which ERP forms part) reached € 63.7 billion. (no financial data could be found about budget and commitments for ERP)
Germany: Financial Cooperation	The composite loans form part of the federal development loans; the annual allocation to composite loans is not available.
Denmark: Mixed credit programme	The programme started in 1993, hence to date, it has operated for 17 years. The annual budget allocation is DKK 350 M (approx. € 47 M) including the administrative and financial costs.
Spain: Fondo de Ayuda al Desarrollo	FAD Internationalisation “grants and loans” component is used for larger projects mainly. Up to approximately 20 projects per year are being approved. In 2007, € 470 M was disbursed to the implementation of 14 projects. This equals about one fifth of the total FAD budget over a year (in 2008: € 2,500 M approximately).
Spain : CARI	Information not available
Netherlands: ORET	ORET started in 1979, but comparable forms of operation existed since 1992. The programme was closed for new

⁹⁴ As per February 2010, an European tender had been launched for the selection of these consultants.

	proposals in 2007. Hence, it was operational for 15 years. ORET/MILIEV programme expenditures have fluctuated over the years. The initial budget in 1992 was €39 million, which grew to €143 million in 1998, corresponding to the merging of ORET and MILIEV. The budget was reduced in 2002 following the exclusion of LDCs from the programme ⁹⁵ . Since 2002 the budget allocation was more or less fixed at €104 million per annum, being approximately 135% of the real expenditures that fluctuated between € 60 and 90 M between 2002 and 2006. Expenditures became much higher when it became known that the programme would close and new commitments tripled. The budgets for 2007 (€ 119 M), 2008 (€ 218 M) and 2009 (€ 194 M) reveal these new commitments.
Netherlands: ORIO	ORIO has started in 2009 and only some pilots have started. For the period 2009-2011 € 120 million will be made available for commitments, while after 2010 it is expected that this may imply real expenditure in the magnitude of € 90 million per year, approximately equal to the ORET programme between 2002 and 2006.

Table 21.6: The process of identification, application procedure and approval

Identification, application and approval - process	
France: RPE	<p>The activity or project is identified by French companies. They submit the proposal to the Directorate General for Treasury and Economic Policy General Directorate (DGTPE) of the Ministry for the Economy, Industry and Employment.</p> <p>In order to obtain the financial support, an intergovernmental protocol with the authorities of the beneficiary country has to be signed, for a particular project. A framework convention with the borrowing country can act as an umbrella for various individual loans.</p> <p>The projects are appraised on a case by case basis.</p> <p>Once approved and the protocol in place, the Natexis Banques Populaires acts on behalf of the French State in the administration of the financial transactions.</p>
Germany: KfW / ERP Export Fund	<p>Either private companies can apply, or banks of the contracting party can apply for credit. These applications are submitted to KfW IPEX-Bank as early as possible (prior to conclusion of an export contract), with no specific form required. However, the application should indicate:</p> <ul style="list-style-type: none"> ▪ The particulars of the envisaged export transaction; ▪ Copy of the provisional Euler Hermes insurance coverage note;

⁹⁵ OECD Member States decided on the 1st of January 2002 that tied aid was no longer allowed for LDCs. Since the ORET/MILIEV programme was closed to LDCs 2002, it received less application from Dutch companies. In consequence, few projects were approved and the available budget was no longer exhausted. The total disbursement diminished from € 95 million in 2000 to € 74 million in 2003. Contrary to what was expected, the new LDC Infrastructure Fund, established to compensate for the change in policy, did not compensate for the difference since this programme had different features (mainly investment and not export) and was open to a limited number of countries only.

	<ul style="list-style-type: none"> ▪ The exporter's current annual statements of account or annual reports; ▪ Information about the foreign borrower (buyer/bank) and guarantor, if any, incl. its annual statements of account, if available. <p>KfW IPEX appraises and takes a decision over the application.</p>
<p>Germany: Financial Cooperation Composite loan Germany</p>	<p>An agreement reached between the government of a partner country and the German Government during intergovernmental negotiations (held about every two years) serves as the basis for bilateral cooperation. The governments of the partner countries propose the projects or programmes within the framework of these agreements. The governments are responsible for both preparation and implementation.</p> <p>After receipt of the request for funding, a consultant gathers the necessary information on site, which is either in –or added to– the feasibility study. The consultant's findings are submitted to both the agency that will become responsible for the implementation and to KfW Entwicklungsbank. After endorsement by KfW, the proposal is submitted to BMZ.</p> <p>If BMZ takes a positive decision, KfW Entwicklungsbank is allowed to start negotiations with the government of the partner country and the project-executing agency about the financing arrangement. This financing arrangement not only states the details of the financing (repayment, grace, interest) but also specifies the implementation time path. The design of such an agreement has aspects of "alignment", enabling the public authorities in the partner country to:</p> <ul style="list-style-type: none"> ▪ make budget provisions in the national budget in line with the time path of the agreement; ▪ to adjust tariffs and fees in order to cover future operating costs if necessary. <p>Three to five years after the start of operation each project is subject to ex-post evaluation, assessing whether 1) the expected development impacts have been achieved, 2) the capacities have been established for a proper use of the infrastructure 3) the operations will be efficient and sustainable.</p>
<p>Denmark: Mixed credit programme</p>	<p>The mixed credit programme is promoted through the embassies worldwide. Both potential buyers (for example a government agency) and end users (for example an electricity company) may apply for financial support for a transaction. After submission of the Project proposal, the request is screened by Danida's Committee for Mixed Credits. The Committee checks whether a feasibility study has been carried out, whether the project has been given priority by the authorities in the recipient country and whether there is no objection in relation to the OECD Arrangements. If in principle approved, the proposal is notified to OECD.</p> <p>The project proposal (feasibility study, environmental impact assessment, quantity surveillance, etc.) and procurement are responsibilities of the buyer or end user and can be outsourced.</p> <p>Once eligible for the Mixed Credit Programme and approved by the Committee, the tender procedure should start and the committee submits a declaration of no objection to the tender</p>

	<p>procedure (if the tender respects transparent competitiveness). Usually, Danida will provide technical assistance for the tender procedure.</p> <p>After the buyer fulfils its conditions for commercial funding, the loan agreement negotiations start. After approval of the lending bank, a first down payment is required, as well as the necessary guarantees. The Ministry of Finance or a solid bank in the recipient country is required to act as borrower/guarantor.</p> <p>All projects are being monitored, as well as the total portfolio in order to ensure that the portfolio responds to the programme objectives, while project monitoring ensures the quality of the aid and the sustainability of the projects. This monitoring is done by Danida and by contracted consultants. Follow-up missions and review of one or several projects are carried out. All projects are included in an indicator system that allows detecting features at programme level.</p>
Spain: Fondo de Ayuda al Desarrollo	<p>Either a Spanish exporter, a foreign importer, or a public or bank entity may identify a project or programme and request for FAD support.</p> <ul style="list-style-type: none"> ▪ The request is presented to the Secretaría de Estado de Turismo y Comercio. Next to the application form, certain certificates have to be issued, such as on the use of foreign materials, local expenses, commercial fees; and the institutional relationship between exporter and buyer (shares; holdings; common interests). ▪ After pre-appraisal, the technical content is further assessed by different multi-disciplinary groups, according to the subject matter of the request. ▪ If endorsed, the Secretary for Tourism and Trade passes it on to the ministries for Industry, Tourism and Trade and for Foreign Affairs. If endorsed, the proposal is submitted to the Inter-ministerial commission ▪ This Inter-ministerial Commission is chaired by the State Secretary for Tourism and Trade, with as vice-presidents the Ministries for Foreign Affairs and Industry, Tourism and Commerce. Members are representatives of a variety of ministerial departments and agencies. ▪ If approved, the recipient government is invited to accept explicitly the conditions for the grant and loan, as well as the purpose of the credit. ▪ Once received, approval follows by Cabinet (Consejo de Ministros Español). ▪ Once formally approved, the specific terms of the Credit Agreement are negotiated with the financial agent of the recipient country. Signing of Agreement follows. ▪ The budget commitment is made by the Directorate General for Trade and Investment. ▪ Funds are made available to the exporter or the intermediary bank for the first instalment. This will be in line with the terms agreed upon in the

	<p>corresponding commercial contract.</p> <ul style="list-style-type: none"> ▪ The subsequent payments will be managed by a financial entity (“the paying bank”), which is responsible for fulfilling all requirements to ICO. The “paying bank” can be chosen by the applicant for FAD support, but should count with ICO’s approval.
Spain : CARI	<p>Contrary to FAD, the credit entity financing the export operation submits the application directly to ICO. So not the exporter applies, but the financial institution. The application form will be presented together with certain certificates to be issued by the exporter as to foreign materials, local expenses, commercial fees, any relationship with the buyer in the form of shares and holdings and the new production of the goods exported. At the same time (or at a later moment in time in the process) the following documents are to be presented: the commercial contract, the current CESCE offer, (or that of another firm of underwriters should the credit need to be underwritten) and the credit agreement executed by the financial entity and the borrower.</p> <p>CARI applications require the authorisation of the Directorate General for Trade and Investment. If the operation complies with general CARI standards, then it is considered to be authorised generically and ICO will automatically issue an offer of terms in the directorate's name.</p> <p>ICO makes an offer to the financial entity (“Letter of Intent”), detailing the terms and conditions to be included in the credit agreement (maximum amount, interest rate, repayment term). Once the commercial contract is signed, the offer can be formalised between ICO and the financial entity.</p>
Netherlands: ORET	<p>Up to 2002, proposals for support could be submitted to the Ministry of Foreign Affairs, where a unit judged the requests on the basis of legal, administrative and financial requirements. For larger projects, the ministry contracted the services of specialised consultants. After 2002, this function was outsourced and any submission was pre-appraised on a ‘first in, first out’ principle. The appraisal implied compliance to administrative, legal and financial conditions and a “quick scan” of the technical and financial feasibility of the proposal. In exceptional cases external consultants could be contracted for short periods to carry out a short desk-study. Usually there were no “in situ” visits anymore, but the support of the embassy could be requested to make a site visit. Once the pre-appraisal resulted positive, either the proposal was submitted to the ORET committee for approval, or further study was required. Also the legal documents (for example an official request from the recipient government) and the assurance of a commercial for the non-subsidised part could take considerable time. Final approval only if all requirements were fulfilled.</p>
Netherlands: ORIO	<p>Companies (and not only Dutch ones) submit proposals either individually or as a consortium for infrastructure works in developing countries. Contrary to ORET, where proposals were dealt with on date of presentation, ORIO launches half annual competitive “rounds”.</p> <p>The promotion of the programme, the information about the programme and the support to the elaboration of proposals (the elaboration can be subject to subsidy as well) is done by</p>

	<p>AgentschapNL. This public agency submits the proposals to a permanent consultant⁹⁶ or consortium of consultant for the pre-appraisal on the criteria mentioned above. After every 'round' the consultant submits the score-lists to AgentschapNL. AgentschapNL judges whether the proposals with the highest scores matches all the policies of the Ministry of Foreign Affairs, Economic Affairs and Finance and may adjust the ranking accordingly. The final ranking will be submitted to the Ministry of Foreign Affairs for their consideration for funding.</p>
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Table 21.7: Requirements for approval of applications

Special requirements for approval	
France: RPE	<p>The loans of the RPE are aimed at financing French goods and services. The French share of the loan must exceed 70% of the amount of the loan.</p> <p>The financing conditions of the loan are negotiated on a case-by-case basis between the DGTPE and the Ministry for Finance of the beneficiary country. For example, in 2009 when commercial interest rates were low, a possible loan could have the following features: 20 years of maturity, 5 years of grace during which only the interests are payable, and 1.9% annual interest.</p> <p>All loan agreements must adhere to the Helsinki principles and subsequent OECD Arrangements on Officially Supported Export Credits. These arrangements also establish the minimum levels of concessionality.</p>
Germany: KfW / ERP Export Fund	<p>Special requirements are in force concerning the various risk coverage for exports to foreign countries, finance insurance and others. These should be covered by KfW IPEX-Bank and Euler Hermes (insurance) and may count with Federal Government backing in the case of transactions of long duration (over 4 years).</p>
Germany: Financial Cooperation Composite loan	<p>KfW Entwicklungsbank assumes the country risk and is in turn protected by Hermes coverage or foreign insurer.</p>
Denmark: Mixed credit programme	<p>The requirements for approval of the Mixed Credit Programme are that projects should be in Danida Programme Countries and other relatively creditworthy countries with a GNI per capita of less than USD 2,964 (2008/09). For both the tied and the untied mixed credit facility, the administrative focus will be on those countries where an extensive cooperation already exists or is anticipated. In general, priority is therefore given to projects in Danida's Programme Countries. In these countries the instrument is actively promoted. In Danida's Programme Countries emphasis will be put on relating mixed credits to Danish-supported sector programmes and development programmes or to e.g. parallel financing with other bilateral or multilateral donors.</p>

⁹⁶ Consultant not known yet as per February 2010.

	<p>Works financed under Danish tied mixed credits shall be tendered and contracted as one contract with a Danish contractor/supplier or joint venture. The contractor shall be chosen through competitive tendering among Danish contractors. Pre-qualification is used to select and invite prospective tenderers among those eligible and qualified.</p> <p>An export credit guarantee required and is issued by the Export Credit Fund (EKF).</p>
Spain: Fondo de Ayuda al Desarrollo	Each recipient country should indicate –and be responsible for– its own agent (bank, financial intermediary) responsible for the financial handling in the recipient country. ICO should approve this agent. All specific requirements are being detailed in the Credit Agreement, which does not only refer to all financial management aspects, but also to aspects like the respect for international agreements on i.e. labour, environment and others.
Spain : CARI	See FAD
Netherlands: ORET	<p>All applications for ORET were (pre-) appraised against three main conditions:</p> <ul style="list-style-type: none"> ▪ The project should be development-relevant; assessed on the basis of national development plans, sector plans and/or poverty reduction strategy paper ▪ The transaction should be beneficial to the Dutch economy; assessed on standardised criteria of produce from Dutch origin (usually minimum of 50-60 %); and employment generation ▪ The project should not be commercially viable, assessed by means of three standard calculations: the Financial Internal Rate of Return, the Economic Internal Rate of Return and the Commercial Internal Rate of Return. The Ministry had developed standard calculation sheets to that end. The non-commercial viability of the transaction (and broader project) is determined by either a low Commercial Internal Rate of Return or the fact that no commercial financing (on market terms) can be obtained⁹⁷. ▪ Country “ceilings” has to be respected; that implies that no single country could receive more than 20% of the annual budget allocation (apart from China). ▪ In principle and additionality requirement, implying that the ORET grant had the function of ‘resources of last resort’ and could only be used if no other funding arrangement against comparable conditions could be found. ▪ Preference was given to applications that could prove that they would result into lasting trading relations, for

⁹⁷ A project is regarded as non-financial viable if within 10 years it fails to generate sufficient income (cash flow) under free market conditions to recover the initial capital investment and to cover both operating and financing costs. This cash flow analysis should be calculated for the entire project, not just for the transaction. If a project is financially viable but could not obtain financing on commercial terms it is also deemed to be non-commercially viable.

	example by long-term contracts or twinning relations.
Netherlands: ORIO	<p>Proposals submitted are being “scored” on three main criteria:</p> <ul style="list-style-type: none"> ▪ the development relevance ▪ the relevance to the SMEs in the recipient country ▪ price-quality relation. <p>In order to make the policies of local government involvement and “chain approach” operational, all elements of such an approach are required, like local government involvement in the design of the project or programme (and not only in the implementation); the inclusion of maintenance and after sales services; the training of local staff in operation and maintenance; the enabling conditions for sustainability and durability, like tariff structure for services (like water supply). In addition there is a preference for the establishment of lasting ties (twinning or other durable forms of collaboration).</p>

Table 21.8: Assessment of the trade relevance

Trade relevance	
France: RPE	The programme is directed at financing French goods and services. The French part of the loans must exceed 70 %. The focus of this programme is less on trade, but more on the promotion of French products and services –or even more in general “French presence”.
Germany: KfW / ERP Export Fund	The projects should deal with the export of capital goods and services from Germany to developing countries. There is no pre-established minimum percentage, but in practice it is aimed at a minimum of 50 %;
Germany: Financial Cooperation	Not relevant. Composite Loans are not exclusively linked to German supplies.
Denmark: Mixed credit programme	<p>Works financed under Danish Tied Mixed Credits shall be tendered and contracted as one contract with a Danish contractor/supplier or joint venture</p> <p>For Danish Tied Mixed Credits to China it is a requirement that the Danish contents of works, supply of goods and provision of services is at least 25 % of the quoted contract. For other countries such a requirement is not explicit.</p> <p>The tied mixed credit facility is open to eligible Danish firms or joint ventures, i.e.:</p> <ul style="list-style-type: none"> ▪ Danish firm is main contractor or in the event of a joint venture, the consortium leader. ▪ The Danish main contractor or leader shall have a substantial turnover in Denmark and proof hereof shall be provided in the form of annual accounts over the past three years. ▪ The Danish main Contractor or leader (together with its sub-contractors) is responsible for undertaking a minimum of 60 % of the Contract Value.
Spain: Fondo de	The FAD Internationalisation relevance for trade is found in the

Ayuda al Desarrollo	<p>fact that it provides financial support to either a specific transaction or a broader package of linked activities. The Spanish origin is of importance, but the requirements are modest (minimum of 15%). The flexibility in "counting" the Spanish origin are ample (includes freight, export handling, local activities). There are no explicit requirements as far as it concerns the creation of employment in Spain.</p> <p>The option for a "package" stresses the importance of counting with long lasting trade relations.</p>
Spain : CARI	<p>CARI opens opportunities to three different groups of clients: Spanish exporters and foreign importers; financial entities, like banks, credit cooperatives and savings banks; Spanish (international) public entities and agencies.</p> <p>Regarding the origin of the products, the requirements are low (minimum 15%), but the interest stabilisation refers only to the Spanish component and may reach 85% of the Spanish share in the total product. There is no specific indicator as far as it concerns the creation of employment in Spain.</p>
Netherlands: ORET	<p>All applications for ORET were (pre-) appraised against the relevance to the Dutch economy.</p> <p>Up to 2002, a first criterion was that at least 60 % of the production of the supplies should be of Dutch origin (after 2002, this was reduced to 50 %). As far as it concerns services, at least 60 % should either be carried out in the Netherlands or by personnel from the Netherlands posted in the recipient country. A second criterion was the quality of the exporting company. The exporter should hold the organisational, financial and technical means and qualifications to successfully implement the transaction and subsequently able to establish a structural relationship with the (partner in the) recipient country. The main appraisal yardsticks to that end were are a solid balance sheet, as well as the reputation of the company and its products. A third criterion was the establishment of a sustainable economic relationship in the sense that the envisaged investment would contribute to a lasting relationship with companies in the recipient country with opportunities for spill-over effects to both other Dutch and local companies. The transactions should have a catalysing effect for eventual repeat orders and/or investments by the company or other Dutch companies. This latter criterion was not mentioned anymore in the 2006 ORET regulations.</p>
Netherlands: ORIO	<p>ORIO is not an export promotion programme.⁹⁸</p> <p>The ORET requirement that 50% of the goods and services had to be from Dutch origin (ORET) has been eliminated.</p> <p>Nevertheless, in the selection of eligible countries, current and future trade relations played an important role. The primary focus of ORIO is at the poorer developing countries, but the trade interest of Dutch enterprises played a role as well. While ORET gave a preferential treat to China, nowadays the Ministry of</p>

⁹⁸ Explicitly mentioned in Letter to Parliament by the Netherlands Government, 31200V-116, request 18

	<p>Economic Affairs had put in place a special facility for transition countries like China and India, not using ODA resources.</p> <p>ORIO, using ODA, is aimed at interesting markets for the Dutch private sector, and at the same time partner countries, like Vietnam, Egypt, Indonesia and South Africa. But also non – partner countries like the emerging markets of the Philippines, Morocco, Peru, and future European Union member states Montenegro and Serbia. The Ministry of Economic Affairs has put in place programmes complementary to ORIO that provide better access of these same countries to the Dutch market.</p> <p>ORIO will have an active approach to involving SMEs both in the recipient countries and in the Netherlands to the activities supported with ORIO funds. So far the role of Dutch SMEs has been mainly as supplier of goods, but ORIO challenges SMEs in contributing to innovation in developing countries, and in the establishment of long lasting trading ties. In the applications for ORIO support, preference will be given to Dutch SMEs and to activities involving SMEs in developing countries.</p> <p>If use is made of ORIO and the applicant wants to make use of export credit insurance (Atradius), the rules will be applied in a flexible manner. Applications by SMEs making use of ORIO will get a preferential treatment. The extent of the preferential treatment by Atradius depends on the contribution to the Dutch economy in terms of employment generation, knowledge and innovation.</p>
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Table 21.9: Assessment of the development relevance

Development relevance	
France: RPE	<p>The condition is that projects applying for RPE have to contribute to the development of the beneficiary country or to contribute to sustainable development in an emerging market. Projects are appraised on a case by case basis, but there are no explicit appraisal criteria for the development relevance.</p> <p>These activities to be supported strive for being coherent with the strategies and the interventions of the multilateral development banks in the countries concerned, as well as with the Millennium Development Goals.</p>
Germany: KfW / ERP Export Fund	<p>KfW has no specific criteria to determine the development relevance. However, all projects need to comply with the "Sustainability Guideline". Project appraisal is on a case by case basis.</p> <p>Usually, an in-depth assessment of environmental or social aspects is not required, unless the first screening has revealed evidence of particular negative impacts. The impacts of a project do not need to be analysed if the investment is made in a country possessing and enforcing an advanced system of environmental and social legislation. This applies to EU countries and usually to all other OECD countries. In case of doubt, the sustainability officer of KfW IPEX-Bank and the Central Sustainability Unit of KfW Bankengruppe ascertain to what extent the relevant legal norms and institutional framework meet international requirements.</p>

	<p>For financings in all countries outside the OECD, the bank distinguishes between three project categories - "A", "B" and "C", whereby category A projects have the potential to severely affect the environment and/or the social conditions; category B projects for which an impact assessment must be defined on a case-by-case basis and category C where this is not necessary.</p> <p>New projects fall in category A and here an analysis of the ecological and social impacts is compulsory. The necessary information must be provided by an environmental and social impact assessment study. The environmental and social action plan –to be elaborated by the client- is to show the measures which are necessary to prevent, mitigate, correct and monitor the negative impacts identified in the environmental and social impact assessment study; it also must show who is responsible for implementing the measures and for their costs.</p>
Germany: Financial Cooperation Composite loan Germany	<p>The actual project appraisal is carried out on-site on the basis of the available information. Among others, it examines the macroeconomic conditions, the developmental objectives and indicators; the impacts on poverty reduction, the social and cultural setting, conflict relevance, environmental protection and gender equality.</p> <p>KfW appraises the economic, socioeconomic, socio-cultural, and ecological impacts of the project, including inevitable side-effects that might occur. In this economic analysis, a calculation of the project's profitability in the form of a cost-benefit analysis, and its expected effects on the developing country's foreign exchange situation and public finance play a key role. Socioeconomic considerations encompass the effects of the project on employment, income and income distribution, and especially on satisfying the needs of the target group. Socio-cultural aspects, like as the traditional gender aspects in the work process, or religious taboos, are taken into consideration. Also the environmental impacts are assessed.</p>
Denmark: Mixed credit programme	<p>The overall objective of the programme is to contribute to poverty reduction in selected developing countries, so objectives are:</p> <ul style="list-style-type: none"> ▪ To support activities contributing to viable economic growth in the recipient countries; ▪ To improve the social sectors in the recipient countries and thereby improving living conditions of the respective populations; ▪ To increase the production of sustainable energy in the recipient countries, and ▪ To improve the environment of the recipient countries. <p>All projects supported under the programme are supposed to contribute to poverty reduction, either directly or indirectly (economic growth, human development, promoting the establishment of an enabling environment to the private sector). In addition, the appraisal document should contain an assessment of the projects relation to Danida's overall and cross-cutting objectives:</p> <ul style="list-style-type: none"> ▪ Poverty reduction/social and economic development: target group(s); living conditions; employment; economic growth; income distribution; geography (development area).

	<ul style="list-style-type: none"> ▪ Gender: equality; women's rights; women in employment. ▪ Environment: sustainable development; environmental protection; working environment. ▪ Democracy: human rights; good governance; anti corruption; HIV/AIDS control. ▪ Works and supply of goods and provision of services financed under Danish Mixed Credits must contain a degree of know-how and technology transfer to the contracting party.
Spain: Fondo de Ayuda al Desarrollo	The FAD Internationalisation 'grants and loans for export' has as objective to grant financial support on concessionary basis to start or consolidate development relevant projects in developing countries, in the sectors education, sanitation, and electrification. Only all countries identified by the OECD as developing countries are eligible for this support.
Spain : CARI	CARI is an instrument for international trade; it is not specifically development focused.
Netherlands: ORET	<p>All applications for ORET were (pre-) appraised against the development relevance. Development relevance was initially (up to 1998) assessed in terms of</p> <ul style="list-style-type: none"> ▪ Contribution to employment in the recipient country, determined by the number of direct temporary and permanent jobs created; the indirect effects on employment were assumed to be implicit in the case of a positive economic return on the investment (the Economic Internal Rate of Return). After 1998, this was reformulated in "projects should have sustainable positive effects on employment and the business climate and the environment of development countries"⁹⁹. ▪ Congruence with the development policy; Projects should be -as much as possible- in the interests of the poor (either as employees, consumers of the end product, or local residents). Projects should not harm the interests of women neither and, where possible, enhance the position of women. The negative formulation was chosen to attend the environmental projects ▪ Projects should be technically, financially and institutionally sustainable (for the institutional capacity, an certain assessment of the management capacity was required) <p>In the regulation of 2002, the interpretation of development relevance was amended to: "a positive contribution to a sustainable (i) economic, (ii) environmental and (iii) social development"¹⁰⁰. In the regulation of 2005, the overall objective of the programme was formulated in a different way. No longer the</p>

⁹⁹ Description ORET/MILIEV programme 1999

¹⁰⁰ Description ORET/MILIEV programme 2002

	<p>employment criterion prevailed, but the focus shifted towards “sustainable economic development” and “improvement of the business climate”. However, the regulations did not specify specific appraisal criteria for the improvement of the business climate.</p>
Netherlands: ORIO	<p>The development relevance criteria are linked to the Millennium Development Goals, as well as to the indicators used by the recipient country itself.</p> <p>During the pre-appraisal the consultants are supposed to assess whether the proposal is either not commercially feasible or cannot obtain commercial financing¹⁰¹</p> <p>For ORIO-B countries, the development relevance and sustainability of the activities are the main selection criteria. By February 2010, the specific criteria were not yet available.</p>

¹⁰¹ Even if a project happens to be financially viable, financing might be problematic due to the high risk profile of some LDCs. To the Dutch companies there is the additional problem that for this category of countries the export credit insurance company Atradius does not provide the necessary coverage against political instability risk.

APPENDIX 9 – CUMULATIVE SHARE OF FINEXPO BUDGET AND NUMBER OF PROJECTS BY COMPANIES

company	activity	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Budget	% budget	nb project	% project
1	Autobuses idem + spares					15669		7280 15000		6884 11662	6400 14306	4563 10410		92173,9	16,75	10	9,17
2	Equipment		2479											2478,9	0,45	1	0,92
3	Drinking water distribution								2225	500				2724,7	0,50	2	1,83
4	port surveillance equipment									4800				4800	0,87	1	0,92
5	bridge construction									4320				4320	0,79	1	0,92
6	radio comunication			247,9		1821		799,2	748,8	1555	561,9		1728	7462,2	1,36	10	9,17
7	water treatment		4958											4957,9	0,90	1	0,92
8	power equipm. Hidroelectricity telecomunication											423,6	2086	8388,1	1,52	3	2,75
9	gas network		743,7											743,7	0,14	1	0,92
10	electricity supply and distribution idem	1029	1211		3960	4463	1700	942	849	820	810			39645,6	7,20	15	13,76
				2970				2730				6605	11557				
11	Autobuses, busstation Idem + opleidingen	6445			5518									96800,4	17,59	12	11,01
12	laboratory equipment	1413			9817	7757	6328				24382	14417	20723				
									1325			2668	4589	8582	1,56	3	2,75
13	dredging idem		2387	4790		3599					6312			32725,5	5,95	8	7,34
			4721		8481			2435									
14	water supply, distribution idem										6419	8790	7802	29206,6	5,31	4	3,67
											6196						
15	water supply, distribution												802,2	802,2	0,15	1	0,92
16	rural telecomunication		2155	2155		3038	1689	2155						11191,1	2,03	6	5,50
17	telecommunication			2124	2454	2479		1440						8496,8	1,54	4	3,67
18	metro								6297					6296,8	1,14	1	0,92
19	water supply, distribution											632		632	0,11	1	0,92
20	dredging idem						6612		14497	8604	15045		9399	54157,7	9,84	5	4,59
21	health				52									52	0,01	1	0,92
22	school buildings				3718									3718,4	0,68	1	0,92
23	multimedia laboratory							8000						8000	1,45	1	0,92
24	electric substation			4859										4858,6	0,88	1	0,92
25	airport security				5100									5100	0,93	1	0,92
26	airport lighting system idem			909,9			1682							2591,9	0,47	2	1,83
27	river management												11351	11351,4	2,06	1	0,92
28	busterminal									43500				43500	7,90	1	0,92
29	windterminal											11315		11314,7	2,06	1	0,92
30	hospital and industrial waste treatment										2475			2475	0,45	1	0,92
31	Cyclotron							13500						13500	2,45	1	0,92
32	waste separation for compost									1916		2276		4191,6	0,76	2	1,83
33	hospital waste incineration		1358											1358,4	0,25	1	0,92
34	black water treatment		7983			2634						4538		15154,8	2,75	3	2,75
35	construction policlinic				6554									6554,3	1,19	1	0,92

See footnote n°37 for the number of companies.

MANAGEMENT RESPONSE OF THE FINEXPO COMMITTEE

Management Response of the FINEXPO Committee

The Director General Bilateral Affairs and the Secretariat of Finexpo wish to thank the Special Evaluation Office for the evaluation of Finexpo instruments and hereby provide their Management Response.

It should be noted that the regionalisation of Finexpo is included in the *De Wever Note*. Therefore this Management Response is issued provided that Finexpo remains a federal responsibility.

We agree with a large number of the report's recommendations. For example, we agree on writing a mission statement that should be available to the general public. This mission statement will provide an explanation of the various instruments and their operation. It will also define criteria that will be used for selecting projects.

We likewise agree on the fact that more feasibility studies ought to be carried out in order to better analyse projects in terms of their added value for the Belgian economy, their relevance for the developing country and the project priority.

Several comments have been added for some of the report's recommendations. The responses to the recommendations are presented in their entirety in the joint table.

However, we do not agree with a number of comments made by the evaluators.

It is said, for example, that the relevance of export projects is not substantiated by studies or criteria. This is not true. The relevance for exports is indeed examined, but the documents pertaining to this examination are included in the documents kept by the representative of the FPS Economy and not in the documents of the Secretariat of Finexpo. In fact, this was repeatedly mentioned to the evaluators during the meetings with the steering group.

The evaluators believe that the number of interventions per country is insufficient in order to have a real impact and would rather limit the number of countries for which assistance can be requested. However, as it is, too few projects are actually signed and realized within the budget available. Limiting the number of countries would lead to a further decrease in the number of projects effectively realised by Finexpo. Moreover, the Inspector of Finance, connected to the Treasury, already questions the possible risks associated with an excessive concentration of e.g. government loans to certain countries. The Inspector of Finance has, at least in these times of ongoing affairs, temporarily frozen dossiers in favour of Ghana.

It is also said that the fact that Finexpo and the companies still have to agree on budget limitations confirms the inadequacy of the budget. However, this is not always the case. New and smaller companies are often first financed through a smaller project in order to see whether they can successfully complete it.

The report also states that only in a few cases, correspondence was exchanged with the embassy and the World Bank. However, for each project, advice is obtained from the embassy, but this advice was more often kept in the electronic archives than in the paper files.

26 November 2010

Format for Management Response to recommendations								
Recommendations	Further funding required	Acceptance by Management			Comment on the Recommendation	Action to be taken		
		Accept	Partially Accept	Reject		Action	Timing	Unit Responsible
Recommendation 1 Increase budget	No			X	At this moment, the budget is not being exhausted. It would not be logical to ask for a budget increase.			
Recommendation 2 The lack of an external policy framework should be compensated by writing a mission statement.	No	X			Agreement on writing a mission statement containing the aim and the objectives of the instrument, the Finexpo members, the budget and the strategy to be revised annually and to explain how the Committee will carry out its mission.	Writing a mission statement	Beginning 2011	Secretariat Finexpo + ONDD + FPS Economy
Recommendation 3 Mission statement and annexes serve as a basis for selecting projects: following criteria: - Comply with OECD arrangement - Observe aim and objectives of Finexpo - Quality of the feasibility study - Repeat orders or not	Yes	X			Agreement on criteria 1, 2 and 4. Criteria 3 will depend on whether or not there will be a budget for feasibility studies. This budget was applied for in the budget proposal for 2011, but as there is still no government, there cannot be an agreement either. Finexpo also would like to reserve the right to determine how elaborate the feasibility study should be. Repeat orders or similar projects require a less elaborate study than new projects. Companies must provide a prefeasibility study. It will be verified whether or not an additional study is necessary. The BTC would be the privileged partner to carry out the feasibility studies, but the conclusions must be agreed upon by means of dialogue between BTC and the	Budget item and budget for studies have already been requested. Negotiate with BTC about a framework agreement for the studies	Beginning 2011	Secretariat Finexpo + ONDD + FPS Economy

					Finexpo Secretariat.			
Recommendation 4 Recommendation: develop synergies with DGD and BTC in partner countries	No		X		It seems difficult to develop synergies with projects of DGD and BTC because they operate in different sectors. We'd rather see 'complementarity' with these projects.			
Recommendation 5 Finexpo should receive more requests from companies in order to carry out a stricter selection and choose projects of a higher quality. More companies should submit requests, so the visibility of Finexpo would increase. Also regions and embassies should cooperate to promote Finexpo instruments	No	X			Agree on increasing visibility but the number of companies in Belgium that can make use of Finexpo instruments is not infinite. There will not be more than 100 new companies for example. Very small companies do not engage in distant export or carry out small-scale projects. There are only a number of sectors and countries that are eligible for help. Cooperation with the regions can be intensified. Currently, this is already the case for a number of projects, but cooperation can still be improved. There should be a possibility to introduce an obligation for the company and/or local partner to provide certain publicity about the source of financing. A system ought to be implemented that allows competition between companies to increase, but in a way that prevents the first company from incurring expenses (e.g. market surveys,...) and not others because they take over the project later on.	Increase visibility through information sessions. Intensify cooperation with the regions.	Beginning 2011	Secretariat Finexpo + ONDD + regions
Recommendation 6	Yes	X			Agree with this recommendation.	Modification aid application	Beginning	Secretariat

Improve knowledge and experience by increasing feedback about the projects through progress reports of companies and monitoring and evaluation missions					More feedback is indeed important. An option would be to include in the letter with conditions that companies have to sign, that they must undertake to submit a progress report at regular intervals. For some projects, this could be expanded into a monitoring and evaluation mission. The embassy could also be requested to visit and evaluate projects. If possible, Finexpo could also ask the local partner to submit a progress report. Therefore it will be necessary to modify/complete the application form and loan agreement template depending on the country.	form. Briefing of embassies and companies.	2011	Finexpo + ONDD + FPS Economy
Recommendation 7 The evaluators propose to use the non-exhausted budget of Finexpo to e.g. carry out evaluation missions. The Finexpo members should organise more field visits in order to gain a better insight into the effects of the projects, to promote a dialogue with beneficiary countries and to increase visibility of Finexpo.	Yes			X	The non-exhausted budget of Finexpo cannot be used for this purpose. First of all, there is a budgetary problem: the budget item does not allow the use of the Finexpo budget for e.g. onsite missions. Secondly, studies and missions must be carried out throughout the year and not only at the end of the year if it appears that the budget is not yet exhausted.	Separate budget item and budget for the purpose of onsite missions have already been requested.	Beginning 2011	Finexpo Secretariat



KINGDOM OF BELGIUM

Federal Public Service

**Foreign Affairs,
Foreign Trade and
Development Cooperation**

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