

ACP-EC COTONOU AGREEMENT

**AFRICAN, CARIBBEAN AND
PACIFIC GROUP OF STATES**

**COUNCIL OF
THE EUROPEAN UNION**

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COVER NOTE

from : The Chairman of the Executive Board of the Centre for the Development of Enterprise
dated: 30 September 2008
to : the EU Co-Chairman of the ACP-EC Committee of Ambassadors
Subject : CDE - Centre for the Development of Enterprise
- Work Programme and Budget Proposal for 2009

Delegations will find attached the Work Programme and Budget Proposal of the CDE for 2009.

CDE
WORK PROGRAMME AND BUDGET PROPOSAL
FOR 2009

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1. INTRODUCTION

This budget is being prepared in a transitional situation towards the 10th EDF, where the CDE still remains under a precarious state of affairs and where its future perspective has still not been affirmed. With a view to the 10th EDF coming into operation in 2009, the CDE has undertaken numerous efforts to reform and restructure over the last few years to prepare for a new approach with a substantial qualitative -and quantitative - leap forward.

Apart from the immense requirements of the ACP private sector already prevailing in general, an additional and single most important challenge has been posed by the envisaged implementation of the Economic Partnership Agreements (EPAs). In this perspective, ACP economies, and private enterprises in particular, urgently need to improve their competitiveness and upgrade their productivity to be able to face increased competition under free trade conditions. Expansion and improvement of productive potentials will be a must, in order to generate supply response towards foreign market opportunities, as well as to service domestic and regional market demands. In this context, active policy and practice for regional integration will be a prerequisite to achieve the relevant economies of scale. For all this, CDE's mandate, assigned functions and operational support potentials clearly would be most pertinent, but remain paradoxically constrained for the time being.

CDE has started reforms to address these external, as well as its internal challenges, particularly since 2005, mainly to improve and adapt its offer of services for greater relevance, to increase its efficiency and to focus on effective results. In organisational terms, operational processes have been rendered coherent and effective, decentralisation into ACP regions has been pursued with regional offices, and the network of local operational representatives (technical information offices) in the ACP countries has been significantly improved.

CDE had itself, as early as in 2006, presented a strategic plan and budget proposal for the 10th EDF. A further significant step in this perspective was then taken by the European Commission in 2007, with some contributions from CDE's Board, by conducting an independent consultant's assessment on the CDE and its future positioning.

This latter study has clearly acknowledged the strong pertinence of CDE's support for the ACP private sector and its particular importance in view of the EPAs. Basic operating principles have been endorsed and clear emphasis has been put on decentralisation in order to have substantial presence in the ACP regions and to be directly embedded in the regional integration process. In terms of the adequate budget amounts for CDE, the study explicitly recommends significant increases, realising that with the currently available amounts the assigned mandate can hardly be fulfilled and no substantial impact for given targets could be achieved.

Given this situation, the CDE right now is caught in the dilemma of having to prepare the budget for 2009 still under the stagnant annual EDF subsidy of 18 million euros (in fact a reduction in real terms). This limited magnitude of annual budget obviously imposes serious constraints on CDE's offer of services for the ACP private sector. It impedes the concrete changes towards decentralisation and, most importantly, unless the restructuring efforts are speeded up, it does not provide a mobilising future perspective with a promise of some substantial impact to be furnished to the ACP private sector.

2. STRATEGIC AND OPERATIONAL CONDITIONS OF CDE (amended)

Under the current circumstances the envisaged strategic changes of CDE obviously have to remain at a transitional stage and the principle operating conditions to be anticipated for the budget and work programme for 2009 basically will have to stay similar to the status quo. A lot will depend on the outcomes of the stakeholders' working group currently deliberating on CDE's future strategy and positioning.

Thus for the time being, the practical consequences for the work programme of 2009, often a compromise in terms of possibilities and restrictions, shall be briefly pointed out.

The programme approach, which has become CDE's main mode of operation for private sector support, with sector-focused as well as transversal programmes, will be pursued; a limited number of programmes will be implemented with the concern to concentrate resources on best potentials and to obtain focused impact. The recently introduced transversal programmes particularly address two aspects of strategic importance also with regard to the EPAs, namely the upgrading of productivity and competitiveness as well as the SMEs' access to investment finance resources. Unfortunately, due to budget restrictions, these programmes cannot be consistently "rolled-out" on all the ACP regions, as would be desirable for reasons of pertinence and efficiency. In order to seek partial relief, CDE is actively contributing to the preparation of regional programmes for productivity upgrading (with UNIDO) which might obtain dedicated funding from regional EDF resources.

Assistance to individual SMEs upon ad-hoc request will remain part of CDE's service offer, but this will be subject to strict selectivity and to the budget constraint which limits the relevant global amount to less than 30 percent of the intervention budget. This limitation is particularly noteworthy, as it does not allow the generalisation of this offer for "generic enterprise support" or general business development services (BDS), which in the new strategic concept would represent a major function and operationally efficient task for CDE's regional offices and its local personnel.

It follows from the above that for lack of a critical mass of resources this **generic BDS support**, which would have great pertinence and would encounter very large demand and potentials across the SME range in basically all ACP countries (especially where no programmes are being conducted), cannot be consistently announced and provided.

Another consequence of resource constraint is the **limited implementation of the regional offices** for the time being; the small budget amounts simply do not justify the local recruitment of several professional staff members per office so that most operational support for enterprise assistance could be conducted locally. Under the aspects of fixed structural cost versus limited budget available for assistance, the substantial justification of the existing four regional offices (in West, East and Southern Africa and in the Caribbean) is at best marginal and the opening of further offices in the two remaining regions (Central Africa and the Pacific) remains prohibitive under the current circumstances. It should be noted, however, that CDE has been making considerable efforts to mobilise additional resources to augment its service offer to SMEs and to allow an operational presence in some countries and regions (see the executing agency function for PSDP programmes of the Commission and some bilateral donors, as well as the mobilisation of the EU network for contributions with seconded staff and budgetary contributions).

Hence, the CDE's restructuring approach with a main bearing on **decentralisation is being blocked on its way to implementation**; the full capacity of the regional offices cannot be established, with better generic service potential and relative cost savings from hiring local personnel. In consequence, the head office staff component for the time being remains relatively large and, due to limited intervention budget availability, this translates into an overall budget ratio which is still not favourable.

This ratio in the CDE's budget has been a matter of concern for some time and particularly since 2006, as it has clearly reached unsatisfactory proportions. The Centre's Management totally deplores this adverse tendency with a relative increase of fixed structural and functional expenses versus a diminishing portion of resources available for assistance to the targeted beneficiaries.

However, it must be recalled that the Centre, with its complex institutional setting and wide mandate, having to cover a broad range of functions and in order to be operational in all ACP countries as well as being somehow present in the EU, necessarily has an amount of "structural fixed overheads" which are mainly due to the necessary staffing in order to comply with this framework and which, to a great extent, cannot be easily reduced without a formal decision from the governing bodies and significant costs of transition.

It must, also, be recognised that the CDE's overall annual budget has diminished from € 20.7 million in 2001 to € 18.35 million in 2009. Had the budget only been kept constant in real terms since 2001, the (operating/assistance) budget ratio for 2009 would stand at 45/55 instead of the actual 62/38.

It is also noteworthy that the Centre has already made substantial efforts and proposals for improvement.

The number of personnel of the Centre was reduced from 62 in 2005 to 50 in 2009 which is almost a 20% decrease in 3 years.

In spite of inflation and statutory adjustments applied, the total salary budget was reduced by 20 percent in real terms during the same period.

With further cost savings achieved in other operating expense items over the previous years, the total operating budget has come down to € 9.8 mill, implying a 20 percent reduction in real terms.

Nonetheless, the major concern with the CDE's institutional and budget structures has been rigorously taken up and addressed, particularly in an external consultant's study undertaken in 2007 mandated by the EC Commission, with some support from the CDE's Board. This study has strongly recommended a major re-organisation of the Centre, including different options, some of which with a focus on decentralisation in the ACP regions, with a significant reduction of staff at the Brussels office and with commensurate increase of the overall budget.

On that basis, the CDE Management has elaborated in late 2007 an operational proposal for the future positioning and structures of a "new CDE". This proposal includes a rigorously revised staffing plan and clearly increased allocations for assistance budgets to be decentralised into the ACP regions. This proposal would obviously reverse the budget ratio and compares very favourably with options proposed by the consultant in the EC study and with the situation in similar other international institutions.

As a result of the EC study, a relevant stakeholders' working group was convened early 2008 to address the restructuring of the CDE.

So far and despite the proposals made by the CDE, decisive positions for implementation have not yet been reached by the working group particularly with regard to the various options proposed in the EC study.

In the meantime, the CDE is constrained concerning further reforms in terms of staffing and decentralisation; it is caught in the dilemma of an overall budget which is stagnant even in nominal terms and fixed functional charges which cannot be adjusted under these circumstances pending the decisions of its supervisory authorities.

3. WORK PROGRAMME FOR 2009

3.1. Sector programmes and transversal facilities

Principles and procedures for the choice of programmes

For the purpose of programme selection, CDE Management has adopted some **general rules and principles** and a standard procedure which shall be applied.

The main principles considered are the following:

- The CDE must make a sustained effort to combine its programme choices and seek complementarity with other private sector development programmes (in particular under the EDF and bilateral facilities) in order to achieve maximum coherent impact with its limited resources.
- In its choice of programmes, the CDE should take into account the various analyses and surveys conducted in view of the Economic Partnership Agreements (EPAs), country and regional indicative programmes etc.; it should be emphasised in general that the CDE's sector programme approach is well suited to provide assistance under the challenges of the EPA process.

- As a general rule, the CDE should address major sectors with development potentials, possibly also chosen for support by other facilities and programmes, but should define its specific strategies and activities, making sure that with its limited means and resources it can make an impact.
- The various “transversal” (cross-cutting) programme facilities (such as environmental/energy management and industrial maintenance) should in future be deliberately combined and focused on the priority sectors chosen, rather than being applied separately and dispersed over various sectors. This synergy should strengthen results and impact.
- Finally, the programme concept should not be operated in a rigid manner but rather allow for some flexibility, always with the objective of addressing best potentials and achieving impact for the target groups. Hence various forms of programmes could concern wider or more specific sub-sectors or product groups, cluster concepts or other groupings of enterprises.

CDE’s programme identification and selection approach has been formalised as a regular organisational process and has been adopted for implementation. It should ensure effective, transparent and coherent choice of target programmes and an optimal allocation of resources.

Main elements of the process are:

- Identification of programme proposals

a broad range of information sources is systematically captured for this purpose:

annual reports according to a standard format are being prepared by the CDE’s Technical Intervention Offices (TIOs); they cover in particular at national and regional level:

- > the private sector fundamentals (structure and performance)
- > prospective assessment and evolving potentials
- > investment climate and institutional setting
- > PSD programmes, facilities, etc. of other donors and agencies
- > recommendations for CDE’s assistance and likely potentials for impact.

These reports are evaluated by CDE’s regional offices and head office staff, and especially combined with the views and observations of the sector officers and their knowledge from pertinent networks (technology, sector trends, location shifts, linkage requirements); furthermore, the information obtained from the requests received by CDE for ad-hoc assistance is assessed concerning any cumulative trends of requirements pointing to more coherent sector potentials.

As already said, great emphasis is laid on other agencies' activities and priorities with a view to combined identification and support, given the fact that CDE's own analytical capacity is relatively limited and its implementation budgets rather restricted.

- Appraisal for sector programme selection

Upon internal preparation of sector programme proposals, often after preliminary surveys and assessments of indicative potentials, a sector programme committee shall be convened to conduct an appraisal for the selection of sector programmes; this appraisal is standardised by a specifically designed format with a score card relating to the following criteria:

- > general eligibility with regard to CDE's mandate, strategy, means and resources (complementarity/linkage, conducive private sector context, etc.)
- > rationale and relevance of the chosen sector, pertinence of target groups, etc;
- > perspective of impact by the programme: additionality and mobilising effects, sustainability at meso-level, socio-economic merits (innovation, employment ...)
- > implementation practicability, budget, cost-effectiveness.

The score card with broken-down weighted maximum standard scores is applied by members of the programme committee independently and then combined in a joint recommendation. Basically, approved programme proposals are then formulated in a standard logical framework concept for formal approval including budget allocation.

3.2. Reminder of the programmes that are in progress

Under the aspects of strategic focus and in relation to main categories of requirements of the ACP enterprises, current programmes can also be classified with regard to the following headings:

- Increase of **competitiveness** and upgrading of operational productivity
- Improvement of **market access** (especially exports)
- Facilitation of access to **investment finance**.

The allocation of programmes according to their main focus is given in the listing below:

competitiveness

- one major generic programme (in East Africa)
(to be rolled-out to several regions when budget allows)
- industrial and semi-industrial fish farming (main issues: operational control, cost of feed, production standards, hygiene and efficiency)
- maintenance of public infrastructure by SMEs (opening opportunities for local SMEs, versus large foreign firms, to enter the public tender market by subcontracting and competitive bidding; performance-based lots of maintenance services)

- tourism upgrading with emphasis on ecotourism (competitive niche for local SMEs versus large international groups)
- support for SMEs in optimal energy management (strengthening energy efficiency, especially under rising energy cost conditions; to maintain competitiveness by higher efficiency adjustment, use of alternative and renewable energies)

market access

- sustainable forest management and timber processing (ecological forest management essential for internationally accepted product certification; further processing into timber products needs improved/competitive quality standards)
- component of fish farming, especially for export markets (processing, conditioning, hygiene standards, marketing support)
- component of tourism, especially in the Caribbean (market access for SME hotels, linkage for joint marketing through ICT facilities and quality certification/grading)
- information and telecommunications (ICT), strengthening SME operators' capacities for being subcontracted into BPO, call centres, etc.

investment finance

- improving SME access to investment finance

one dedicated programme only (for the time being) with focus on providers of equity and risk finance (venture funds, SME banks, guarantee funds), to strengthen financial intermediaries' capacity for project appraisal and their support provided for their investee firms (monitoring, management and technical assistance).

These programmes are submitted to the Board as regards their continuing in 2009. Depending on the comments and recommendations from the Board, a budget allocation specific to 2009 will be presented to the next meeting.

The programmes are given in detail in Annex 4.

The size and scope of the CDE's sector programmes remain very modest in terms of outreach and impact, largely due to limited financial resources from the CDE's annual budgets, even though the percentage allocated to sector programmes has increased gradually to surpass the 70% target allocation for operations. Under the circumstances, it has been decided by Management that the Programme Planning Department will, in collaboration with the European Institutional Network (Partnership Relations), proactively seek co-financing from both bilateral and multilateral sources.

3.3. Assistance to individual SMEs upon ad-hoc request

As mentioned earlier in point 2 (Strategic and operational conditions of CDE) this type of assistance will remain part of CDE's service offer. As indicated, it will be subject to strict selectivity and to the budget constraint which limits the relevant overall amount to less than 30% of the funds allocated to operations (on budget Title IV).

3.4. Private Sector Development Programmes (PSDPs)

The CDE is currently in charge of three Private Sector Development Programmes (PSDPs) financed by external resources. Other similar programmes are being negotiated but they will only start in 2009.

The programmes envisaged in 2009 are:

- PSDP Haiti - EDF financing
- PSDP Gabon - Gabonese financing
- PSDP Democratic Republic of Congo (DRC) - Belgian financing.
- PSDP Côte d'Ivoire – financing by Côte d'Ivoire.

Estimate of the financing to be managed by the CDE: 4,100,000 euros

- PSDP Haiti: 300,000 euros (EDF financing) managed by a resident expert financed by the CDE, but administered by the Delegation of the European Commission.
- PSDP Gabon: 500,000 euros (financed by the Gabonese government) paid into a CDE account in Brussels.
- PSDP DRC: 300,000 euros (financed by the Belgian Cooperation) paid into a CDE account in Brussels
- PSDP Côte d'Ivoire: 3,000,000 euros (financed by the government of Côte d'Ivoire).

• PSDP - HAITI

The PRIMA project (Programme for integrated reinforcement of the business environment in Haiti) began in 2005 for a four-year period. Its purpose is to support micro, small and medium-sized enterprises with a high growth potential. The funding for the programme amounts to 9,118,000 euros overall from EDF financing. The other contributors are the CDE, which is providing 360,000 euros, and the beneficiaries (Haitian enterprises and intermediary organisations), which are providing 768,000 euros.

The programme comprises two components in keeping with the European Commission's new integrated approach to private sector development. One component aims to provide support and advisory services to enterprises, the other aims to strengthen intermediary organisations (IOs), such as trade and employers' associations, groups of enterprises and other support bodies. Strengthening the IOs will enable them to play a more effective role as service providers for the benefit of enterprises and to improve the business environment.

The CDE is in charge of managing the "enterprise support" component under the supervision of the Programme Director. To this end, and for the past two years, the CDE has been financing a resident expert in Port-au-Prince for this specific component.

The main results expected from the programme are a strengthening of the capacities of enterprises and IOs and an improvement of the business environment through a more effective dialogue and public-private partnership.

As regards 2009, it is expected that the CDE will cover the cost of the resident expert (100,000 euros on budget title III) and that an amount of 300,000 euros will be committed (out of EDF financing of Haiti's NIP) for operations under his direct responsibility.

- **PSDP - GABON**

As regards Gabon, the programme has been set up within the framework of a partnership agreement with the CDE. The programme forms part of the private sector promotion policy defined by the Gabonese authorities (diagnosis, support and assistance for SMEs). Above all, it is intended to strengthen the capacities of Gabonese enterprises and intermediary organisations.

The programme's budget, in the start-up phase, is 2 million euros (1.5 million euros from Gabon and 500,000 euros from the CDE) over a three-year period.

The CDE has selected a resident expert to manage this programme in Gabon in collaboration with the head office, subsequent to the agreement with Gabon's Ministry for Small and Medium-sized Enterprises. This expert will provide Gabonese SMEs with assistance and follow-up in legal and financial matters, management and marketing, technical assistance, staff training, etc.

For 2009, it is expected that the Gabonese government will transfer an amount of 500,000 euros to the CDE for the programme's implementation.

- **PSDP – DEMOCRATIC REPUBLIC OF CONGO (DRC)**

In May 2007, the CDE and Armand De Decker, the then Belgian Minister for Development Cooperation, signed an agreement to strengthen the capacities of enterprises in Central Africa and more particularly in the DRC. The Belgian Cooperation provided a budget of 250,000 euros for the first year.

The CDE has never interrupted its activities in the DRC, but this agreement has enabled collaboration with business circles in the DRC to be revived and intensified, whilst reinforcing the CDE's impact on the Central Africa region as a whole.

As provided for in the agreement, this programme comprises the following elements:

- since June 2007, secondment of a Belgian Cooperation expert to the CDE's head office
- informing and raising awareness among the players involved, mainly the intermediary organisations in the DRC
- selection by the CDE of a resident expert for Kinshasa (this expert began his assignment on 1 February 2008, starting with a preparatory period in Brussels)
- renewed contacts with existing or incipient SMEs in the DRC
- coordination of Belgian organisations linked to the CDE through various agreements.

The resident expert is located in the offices of the *Fédération des Entreprises du Congo* (FEC), with which the CDE has signed an ad-hoc agreement.

It is expected that the Belgian Cooperation will transfer an amount of 300,000 euros to the CDE for the programme's implementation.

• **PSDP – COTE D'IVOIRE**

A recent visit to Abidjan by the Director a.i. of the CDE provided an opportunity for high-level discussions with the government of Côte d'Ivoire. The outcome was an agreement in principle to entrust the CDE with setting in place an SME revival plan, to which the government will contribute 3,000,000 euros.

4. **BUDGET FOR 2009**

4.1. **Main trends**

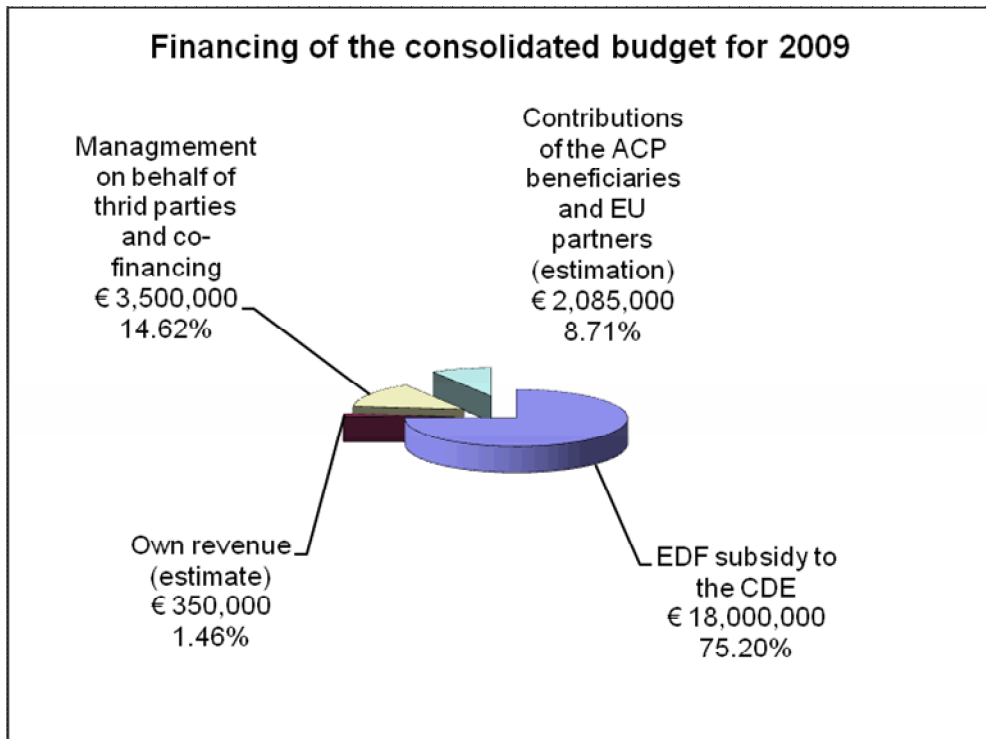
4.1.1 **CDE budget consolidated with co-financing and contributions from ACP beneficiaries and European partners**

The breakdown of the figures in the consolidated budget for 2009 is as follows:

Table 1: **Breakdown of figures in the consolidated budget**

Heading	€
EDF subsidy to the CDE	18 000 000
CDE's own revenue (estimate)	350 000
Total: EDF subsidy + own revenue	18 350 000
Management on behalf of third parties and co-financing	3 500 000
Contributions from ACP beneficiaries and European partners	2 085 000
Total: Co-financing	5 585 000
Total: Consolidated budget	23 935 000

The following graph illustrates the breakdown of the consolidated budget figure of 23,935,000 euros.



It emerges clearly from Table 1 and the above graph that co-financing, i.e. management on behalf of third parties and contributions from ACP beneficiaries and European partners, accounts for just over 23% of the consolidated budget figure.

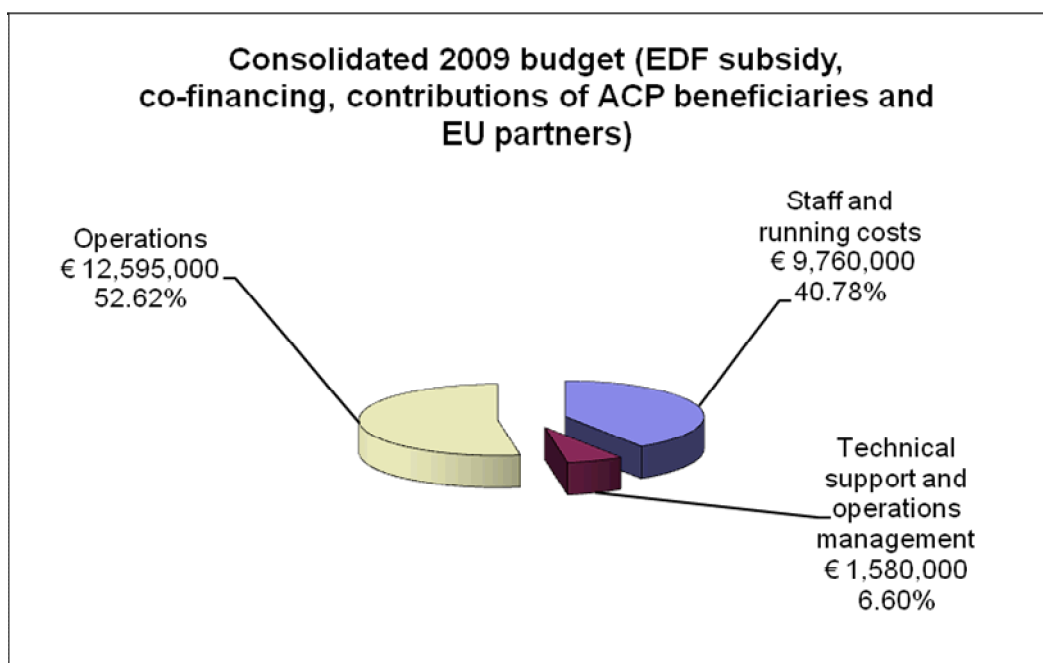
These funds are allocated to operations. In terms of the funds available for operations on the consolidated budget, they account for 53%.

4.1.2. Allocation of the consolidated budget

The allocation of funds on the consolidated budget for 2009 will be as follows:

Table 2: **Allocation of the consolidated budget**

Heading	Commitments 2007	Budget 2008	Budget 2009	Ratio
Operating costs				
Staff and running costs	9 861 775	9 315 000	9 760 000	40.78%
Technical support and operations management	1 453 232	1 495 000	1 580 000	6.60%
Total	11 315 007	10 810 000	11 340 000	47.38%
Operations				
Operations (on EDF subsidy and own revenue)	4 280 290	7 690 000	7 010 000	29.29%
Management on behalf of third parties and co-financing		3 500 000	3 500 000	14.62%
Contributions from ACP beneficiaries and European partners		2 215 000	2 085 000	8.71%
Total		13 405 000	12 595 000	52.62%
GRAND TOTAL		24 215 000	23 935 000	100%



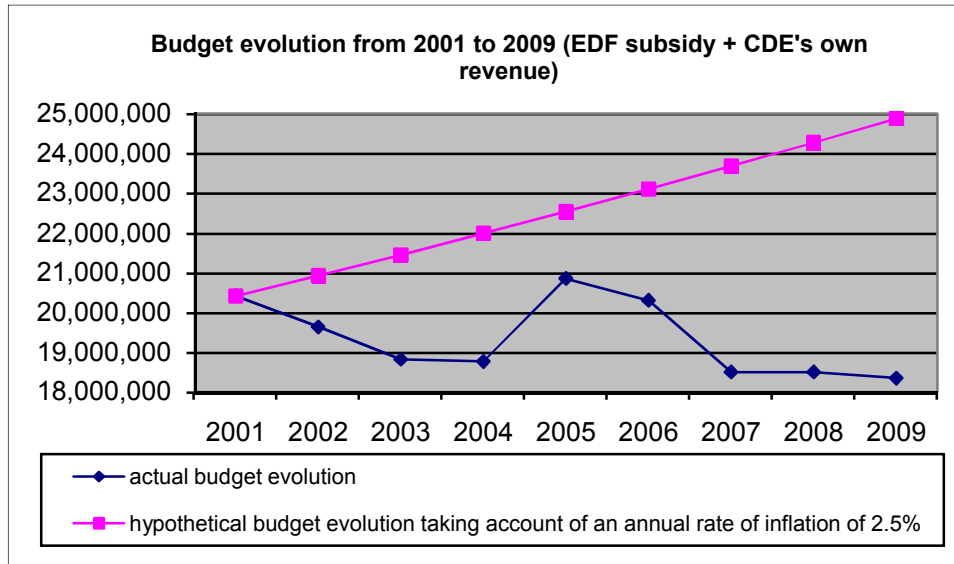
Despite a budget that has remained unchanged for several years, it has been possible to maintain the ratio between operations and operating costs at 53/47 on the consolidated budget figure, thanks to a reduction in running costs over recent years.

4.1.3. EDF subsidy to the CDE budget

- **Evolution of the subsidy since 2001**

If the EDF subsidy to the CDE budget had evolved since 2001 in line with the annual rate of inflation of 2.5%, it would currently amount to 24,869,000 euros (see the following graph), and the ratio between operations and operating costs on the EDF subsidy would be 54/46 instead of 38/62 in the budget for 2009.

Compared to 2001, the EDF subsidy to the CDE budget is 9% less in current terms or 21% less in constant terms (taking account of an annual rate of inflation of 2.5%).



Since 2006, the EDF subsidy to the CDE budget has remained unchanged at 18 million euros. In real terms, taking account of an annual rate of inflation of 2.5%, it has decreased by 8% since then.

In 2006, this decrease was partially compensated by an additional amount of 1,800,000 euros out of the unspent balance from the overall EDF subsidy to the Centre's budget under the first financial protocol of the Cotonou Agreement.

Since 2007, however, the European Commission has decided that funds from this unspent balance can no longer be allocated to the Centre.

The total amount of the EDF subsidy available for 2009 is therefore 18 million euros, to which can be added the revenue generated by taxes on salaries and by bank interest. However, the estimated amount of this revenue has been revised downwards to take account of the new terms of payment of the EDF subsidy.

- **Allocation of the EDF subsidy in 2009**

As shown below, to the EDF subsidy of 18 million euros can be added CDE's own revenue estimated at 350,000 euros (revenue generated by taxes on salaries and by bank interest).

Table 3: **EDF subsidy + CDE's own revenue (estimate)**

Heading	€
EDF subsidy	18 000 000
CDE's own revenue (estimate)	350 000
TOTAL: EDF subsidy + CDE's own revenue	18 350 000

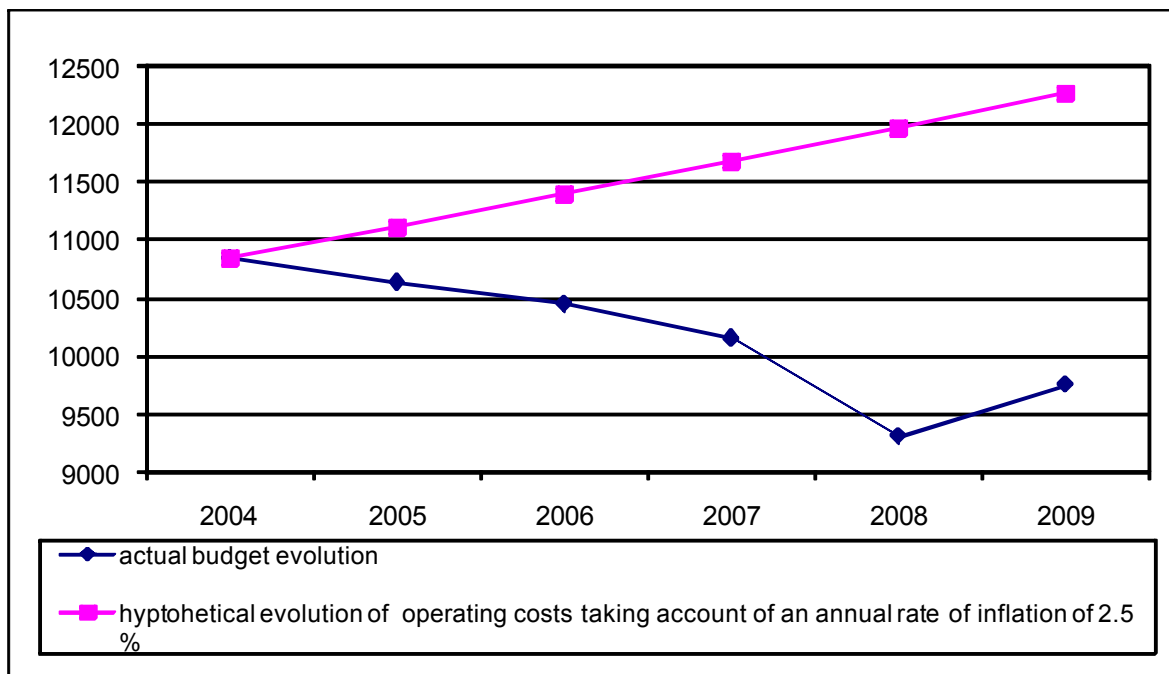
The allocation of this amount is foreseen as follows:

Table 4: **Allocation of the EDF subsidy + CDE's own revenue**

Heading	Budget 2008	Budget 2009	Evolution 2009/2008
Operating costs			
Staff	7 240 000	7 600 000	4.97%
Running costs	2 075 000	2 160 000	4.10%
Sub-total : Staff + running costs	9 315 000	9 760 000	4.78%
Technical support and operations management	1 495 000	1 580 000	5.69%
Total: Operating costs	10 810 000	11 340 000	4.90%
Operations			
General support actions	1 150 000	890 000	-8.70%
Direct assistance	6 540 000	6 120 000	-8.87%
Total : Operations	7 690 000	7 010 000	-8.84%
TOTAL: CDE BUDGET	18 500 000	18 350 000	-0.81%

Over recent years (2004 to 2008) the Centre has managed to reduce its staff and running costs from 10,845,000 euros to 9,315,000 euros. This equates to a reduction of 14% in real terms or 23% in constant terms (taking account of an average annual rate of inflation of 2.5%), as illustrated in the following graph:

Evolution of operating costs

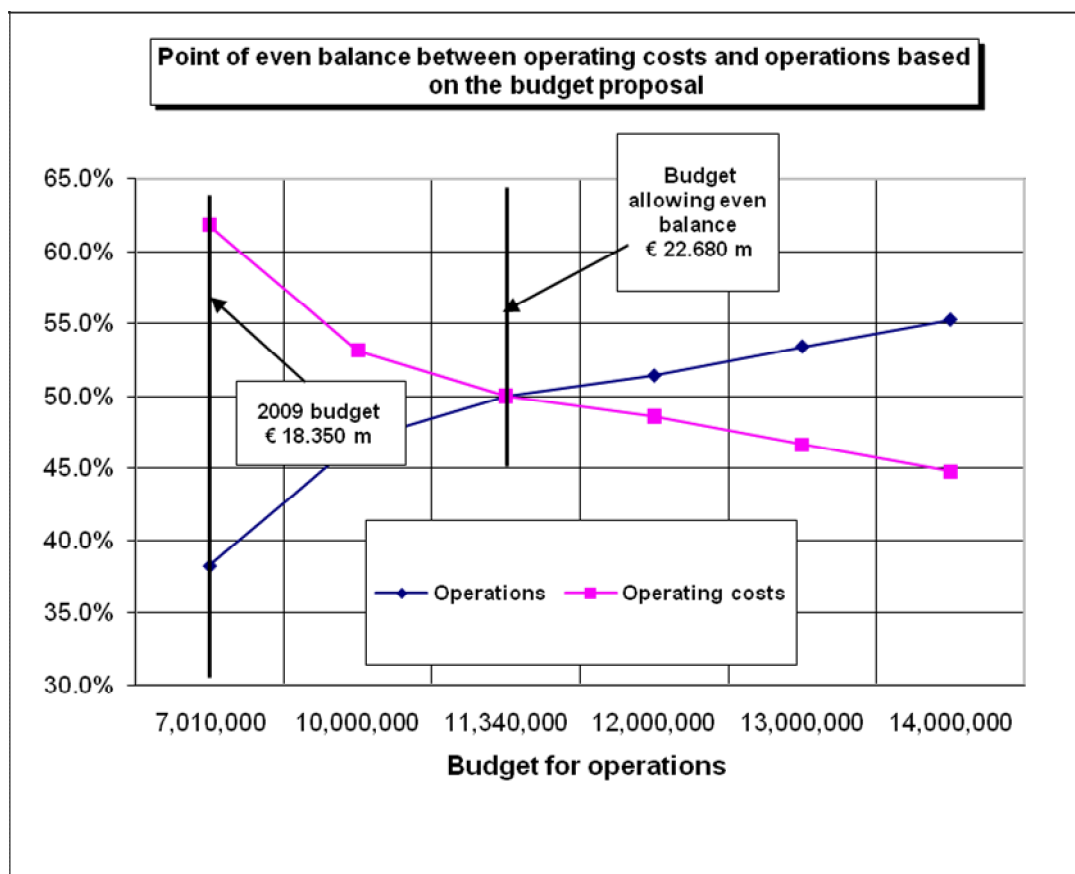


Operating costs will increase by 4.90% in 2009, however (see Table 4). This is due mainly to:

- an inflation rate of 3%
- the partial implementation of the departures foreseen in 2008 (five departures instead of the eight envisaged initially).

Given this increase in operating costs and the slight decrease in the budget compared to 2008 (18,350,000 euros instead of 18,500,000 euros), there are inevitably less funds available for operations in 2009 (-8.84%).

The point of even balance where operating costs (Titles I, II and III) are equal to the amount allocated to operations (Title IV) is shown in the following graph:



4.2. Administrative and running costs

4.2.1 Staff costs

The budget approved for 2008 foresees a reduction in salary costs due to eight departures.

The situation at 1 June 2008 is as follows:

- five departures instead of the eight envisaged, hence there are 47 statutory staff members in place
- three vacant posts (Director, accounting officer and one post for a secretary on a contract for a fixed period).

Considering the recruitment of the new Director, the two posts to be filled, and if there are no other departures in 2008, 50 statutory staff posts have to be budgeted for in 2009 – see the following table.

Table 5: **Statutory staff - 2009**

	Statutory staff						Seconded experts (c)
	On contracts for an indefinite period			On contracts for a fixed period		TOTAL	
	Experts	Other staff	Sub-total	Experts	Other staff		
Operations Management Department (a)	8	5	13			13	2
Programme Planning Department	6	3	9	1		10	
Administration	6	5	11	1	2	14	
Directorate and related services	6	3	9	1		10	
Staff assigned to Pro€Invest (b)	1		1	2		3	
TOTAL	27	16	43	5	2	50	2

(a) The ultimate objective is to have six regional offices managed by statutory staff members of the CDE

(b) Three experts are assigned to the Pro€Invest programme.

(c) The salaries of seconded experts are always paid by the organisations seconding them. The CDE pays them a monthly allowance.

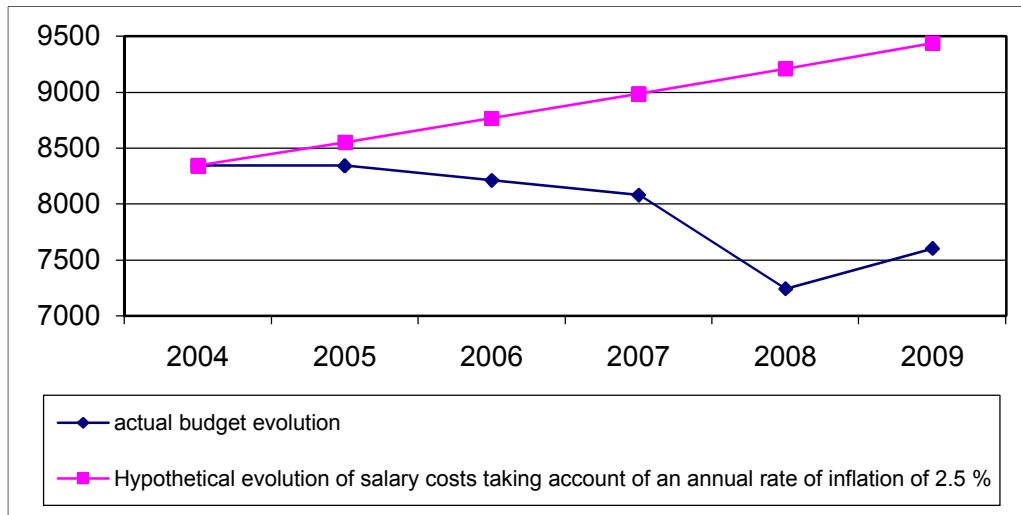
It should be noted that the number of statutory staff has been reduced from 61 in 2002/2003 to a maximum of 50 in 2009, i.e. a decrease of 11 staff members (18%).

Table 6: **Assignment of statutory staff - 2009**

	Statutory staff						Seconded experts
	On contracts for an indefinite period			On contracts for a fixed period		Total	
	Experts	Other staff	Sub-total	Experts	Other staff		
Statutory staff members	27	16	43	5	2	50	2
Staff assigned to the regional offices	3		3			3	1
Staff assigned to Pro€Invest	1		1	2		3	
Staff assigned to CDE head office in Brussels	23	16	39	3	2	44	1

The evolution of salary costs is illustrated in the following graph:

Evolution of salary costs



This shows clearly that, even if **salary costs** increase in 2009, they **have decreased by over 20% in real terms since 2004**, if we take account of an annual rate of inflation of 2.5%. This decrease has been achieved, even with the merit steps granted in accordance with the Staff Regulations and the promotions.

An increase has to be budgeted in 2009 for the following reasons;

- five departures instead of the eight envisaged initially
- salary indexation to take account of purchasing power
- merit steps, as provided for in the Staff Regulations.

Table 7: **Summary of staff costs**

TITLE I	STAFF	Commitments 2007	Budget 2008	Budget 2009	Evolution 2009/ 2008
Chap.11	Statutory staff	7 840 745	7 005 000	7 365 000	5.14%
Chap.12	Temporary assistance and seconded experts	183 193	235 000	235 000	0.00%
	TOTAL	8 023 938	7 240 000	7 600 000	4.97%

4.2.2. Other running costs (excluding staff costs)

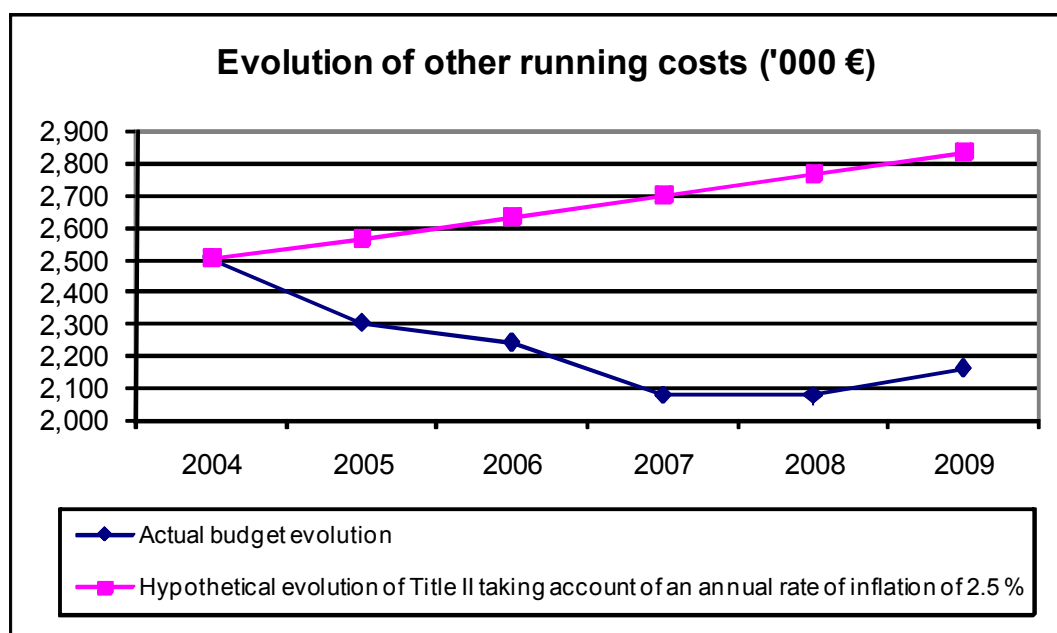
Table 8: **Summary of other running costs**

TITLE II	RUNNING COSTS	Commitments 2007	Budget 2008	Budget 2009	Evolution 2009/ 2008
Chap.21	Running costs (in Brussels)	1 383 389	1 575 000	1 660 000	5.40%
Chap.22	Communication and computer services	454 448	500 000	500 000	0.00%
	TOTAL	1 837 837	2 075 000	2 160 000	4.10%

The increase of 4.10% is due to:

- The indexation of running costs, such as rent of office space, rental of equipment, etc. A conservative rate of 3% has been taken into consideration.
- An increase of the provision for the Executive Board to cover costs related to the activities of members between meetings.
- An increase in the provision for legal expenses on account of procedures initiated by staff members whose contracts were not renewed.

Evolution of other running costs



Since 2004, other running costs have fallen from 2,505,000 euros to 2,160,000 euros, which equates to a diminution of 14% in current terms or 24% in constant terms (taking account of an annual rate of inflation of 2.5%).

4.2.3. Technical support and operations management

Table 9: **Summary of support costs for operations**

TITLE III	TECHNICAL SUPPORT AND OPERATIONS MANAGEMENT	Commitments 2007	Budget 2008	Budget 2009	Evolution 2009/2008
Chap. 31	Quality management and missions	222 729	270 000	230 000	-14.81%
Chap. 33	Decentralisation	1 230 503	1 225 000	1 350 000	10.20%
	TOTAL	1 453 232	1 495 000	1 580 000	5.69%

Given the funds available for 2009, the Centre will be unable to open the two remaining regional offices for Central Africa and the Pacific. The costs budgeted for the four existing regional offices remain at the same level as in 2008.

As regards the Private Sector Development Programmes (PSDPs) – see point 3.4. - it is estimated that the Centre will manage 4,100,000 euros. These funds will augment the amount allocated to operations within the CDE budget.

In the context of these PSDPs, it is envisaged that the Centre will cover the costs of two resident experts (in Haiti and Gabon) and some logistical expenses, hence the increase in Article 332 (Local operational network).

The reduction in mission expenses (budgeted on Article 312) is maintained. After a diminution of 23% in 2008 compared to 2007, there is a further reduction of 16.6% in 2009. This equates to a diminution of over 36% in two years.

4.3. Operations (amended)

As already explained, the increase in operating costs, due to inflation, and the diminution in the overall budget result inevitably in a reduction in the amount allocated to operations (-8.84%).

Table 10: **Summary of the amount allocated to operations**

TITLE IV	OPERATIONS	Commitments 2007	Budget 2008	Budget 2009	Evolution 2009/ 2008
Art.411	Studies and publications	281 515	425 000	390 000	-8,24%
Art.412	Meetings, technical seminars and entrepreneurs' missions	192 894	725 000	500 000	-31,03%
	Sub-total : General support actions	474 409	1 150 000	890 000	-22,61%
Art.421	Technical expertise	82 130	550 000	300 000	-45,45%
Art.422	Support for intermediary organisations and service providers (1)	705 662	680 000	1 000 000	47,06%
Art.423	Support for enterprises (2)	3 018 089	5 310 000	4 820 000	-9,23%
	Sub-total : Direct assistance	3 805 881	6 540 000	6 120 000	-6,42%
	TOTAL	4 280 290	7 690 000	7 010 000	-8,84%

(1) Article 422 (Support for intermediary organisations and service providers) is subdivided in 2009 into:

Support under the programme approach	€ 700 000
Ad hoc support to IOs	€ 300 000

(2) Article 423 (Support for enterprises) is subdivided in 2009 into:

Support for groups of enterprises under the programme approach	€ 3 500 000
Ad hoc support to enterprises	€ 1 320 000

The chosen target groups of CDE's assistance and the related allocation of the "operations budget" (i.e. grant funds for assistance) should be considered in line with the given mandate and formally adopted long-term strategy of the Centre.

In fact, Article 21 of the Cotonou Agreement, as well as the CDE's mandate (in Annex III of the Cotonou Agreement), explicitly recognise the pertinence of assistance at enterprise level as well as the support at meso level, apart from support at macro level. The Centre, as argued in its strategy and interpreting the relevant donors' guidelines for Business Development Services (BDS), has adopted a combined mode of assistance involving support for enterprises (demand side) and for related service providers (supply side of BDS). This means that in the ACP situation, with strongly fragmented and heterogeneous private sector structures and related service market deficiencies, it is considered adequate that the subsidised BDS offered should always be guided and conditioned by actual potentials and requirements at enterprise levels, and also be linked to the extent possible to the relevant support of service providers.

In recognition of this, the CDE has adopted a predominantly pro-active approach applying the great majority of its support and services in a structured manner and a programme approach for selected, promising sub-sectors and groups of SMEs (clusters) and relevant Intermediary Organisations (IOs), typically Chambers of Commerce, professional or industrial associations, Technical institutes, etc..., in selected countries and regions.

This regularly involves the IOs in the delivery of the services (usually towards their enterprise members or clientele) and thus concurrently strengthens the intermediaries within themselves in their service supply capacity and support to their members or related enterprises.

Furthermore, the CDE has fully recognised that open BDS support facilities driven by ad-hoc demand, especially from single enterprises, have some relative weaknesses (dispersion, risk of market distortion, high cost of structuring, etc.). Therefore the CDE's assistance facility for this category of beneficiaries (i.e. single enterprises and IOs/service providers with ad-hoc requests) has been limited to a minor share of its assistance budget, and it is reserved for beneficiaries, circumstances and projects with special development merits (e.g. pioneer/innovation projects, narrow niche sectors, small countries etc.).

Hence, with regard to the 2009 budget proposal the following annotations are relevant:

- out of the total "operations" budget of about € 7.0 million, a total amount of some € 5.4 million is allocated for the programmed approach addressing groups/clusters of enterprises and relevant intermediaries/service providers;*
- this latter amount for programmed activities, incorporates budget articles 411, 412, 421 (for a total amount of € 1.2 million) and the portion of € 0.7 million from article 422 (for IOs), as well as an amount of € 3.5 million from article 423 for assistance to enterprises in groups or clusters, often involving the IOs in the service delivery;*
- the amount for ad-hoc assistance is limited to € 1.6 million made up of € 1.3 million from article 423 for single enterprises and the residual € 0.3 million from article 422 for ad-hoc assistance to IOs/service providers ;*

- *the relatively significant increase by 47% over the previous year for article 422 (Support for intermediary organisations and service providers) is meant in particular for the strengthening of ACP providers of BDS support (training in enterprise diagnostics, management consultancy, etc.).*

5. MONITORING AND EVALUATION

5.1. Targets and expected results

The CDE's main activities and immediate outputs are constantly monitored and documented with detailed statistics under the Centre's project information management system Procède (successor of PIMS). The system has recently been restructured and has been complemented by various work scheduling and supervision tools. This basically covers and allows assessment of the efficiency aspects of service provision.

On the other hand, the results, in terms of effectiveness and impacts at enterprise and intermediary levels, are multi-faceted and fall into different categories, such as productivity improvement, competitiveness and increased market access, quality improvement and certification, diversification, internal linkage and clustering effects in domestic economies.

Although it is practically impossible to plan and quantify in advance the specific outcomes regarding these multiple impacts, it is important to note that, with its new procedures (certified under ISO) the CDE has introduced selection and grading schemes with a view to improved effectiveness and impact. These schemes and criteria, applied for programme selection as well as individual assistance requests, significantly improve the choice of beneficiaries, the type of assistance and thereby the resultant impacts.

More specific and meaningful indicators, with a differentiation of target groups, types of activity and expected results, are of course contained in each of the programmes, as formulated in the "logical framework" scheme.

5.2. Ex-post evaluation and impact assessment

Until 2006, the CDE had conducted ex-post evaluation and impact assessment basically with two approaches:

- "client satisfaction surveys" with questionnaires addressed once a year to all the beneficiaries of completed interventions (studies, technical assistance, training, participation in events, etc.)
- sectoral analysis and evaluation of all CDE activities in a sector over a long-term period (usually 10 years) in sectors such as forestry/wood, fisheries and processing, leather and textile.

The results obtained with these methods were generally quite favourable for the CDE with respect to effectiveness and impact at enterprise level, with frequent appreciation of the professional substance and pertinent expertise provided with the assistance. The latter is certainly due to a good network of EU and ACP associate consultants and relevant expertise in the sectors concerned. Replies were usually less favourable with regard to efficiency and timeliness of service delivery. Sectoral impact was clearly more tangible when activities were structured in coherent programmes with a positive involvement of intermediary organisations, rather than for scattered support within a sector.

Apart from the actual evaluation findings, the Centre has reflected upon the issues of various evaluation methods and has adopted a pragmatic approach which has been largely put into practice in 2007.

To recall the main argument: generally, it is almost impossible to obtain a great deal of quantitative and objective data on impact at the enterprise level and even more so in the socio-economic domain (developmental effects, etc.). If data on employment, productivity, profitability, etc. can be obtained, it is practically impossible to relate these objectively as effects being caused by the CDE's assistance (problem of confounding variables).

Therefore there is little alternative to involving the subjective response of the beneficiary and to accepting that the data in general will be of a qualitative rather than a quantitative nature. Typically, evaluations of this kind are usually conducted on the basis of disaggregated questions on different criteria (efficiency, effectiveness, impact, etc.) with rating scales for standard replies. Evidently there is no realistic scope to obtain any hard and fast numerical ratios expressing something like an objective cost/benefit ratio for the assistance provided.

Nonetheless, two concrete evaluation mechanisms have been adopted for application:

- Basically, all interventions are being evaluated immediately after completion with a short questionnaire to be completed by the beneficiary enterprise. This immediately gives a feedback on the efficiency of the CDE's service provision and also provides valuable indications on effectiveness and likely impact of the assistance. Such an approach actually helps to avoid the rather low response rate experienced with the annual distribution of questionnaires; and in fact the beneficiaries' response has been made a contractual obligation with the allocation of the subsidy.
- Each sector programme is consistently formulated in the manner of logical frameworks, which shall allow proper monitoring and evaluation according to pre-established criteria and indicators. Particular attention is given to formulating specific objectives and focused strategies within the sectors concerned.

These two ex-post evaluation schemes, namely post-intervention questionnaires as well as logical framework planning for programmes, have already been integrated by the CDE in the relevant procedures and are being implemented.

Specific results have been generated on this basis during 2007 with the systematic compilation of ex-post evaluations of CDE's assistance by beneficiaries at the end of each intervention. In the category "quality and results of the assistance", which is broken down into eight sub-questions, the scores obtained from respondents are on average very good (score 4 on 5); similarly high is the appreciation specifically for "elements of assistance provided by CDE".

Impacts expected on relevant performance variables of the enterprises (like sales, market position, employment and skills, productivity, quality improvement, innovation, etc.) have been rated consistently between "medium to high" by the great majority of respondents.

Furthermore, systematic evaluations with the involvement of independent external consultants of several sector programmes have been launched in early 2008. They will soon provide valuable feedback information on relative strengths and weaknesses, results and impacts of different programmes, with regard to enterprises and intermediary organisations, as well as to regulatory and development aspects.

It should also be noted that, corresponding to this, on the "ex-ante side" of the procedures for individual interventions and for programmes (as already mentioned), there are checklists and criteria that are applied in order to ensure beforehand an adequate selectivity with a view to obtaining optimal results and impact.

ANNEX 1	Budget table for 2009
ANNEX 2	EDF subsidy + CDE's own revenue (estimate)
ANNEX 3	Budget for 2009 in detail
ANNEX 4	Programmes in detail

BUDGET TABLE FOR 2009**HEADING I / TITLE I: STAFF**

TITLE I	STAFF				
	HEADING	Commitments 2007	BUDGET 2008	BUDGET 2009	Evolution 2009/2008
CHAP. 11	STATUTORY STAFF				
ART. 111	CONTRACTS FOR AN INDEFINITE PERIOD - GROSS SALARIES AND SOCIAL SECURITY CONTRIBUTIONS	6 191 662	5 600 000	5 850 000	4.46%
ART. 112	CONTRACTS FOR A FIXED PERIOD AND SHORT-TERM CONTRACTS	636 227	620 000	750 000	20.97%
ART. 113	CONTRACTS FOR AN INDEFINITE PERIOD - ALLOWANCES	545 546	630 000	620 000	-1.59%
ART. 114	OTHER EXPENSES RELATED TO STATUTORY STAFF	467 310	155 000	145 000	-6.45%
	SUB -TOTAL	7 840 745	7 005 000	7 365 000	5.14%
CHAP. 12	TEMPORARY ASSISTANCE AND SECONDED EXPERTS				
ART. 121	TEMPORARY ASSISTANCE AND SECONDED EXPERTS	183 193	235 000	235 000	0.00%
	SUB -TOTAL	183 193	235 000	235 000	0.00%

TITLE I	TOTAL	8 023 938	7 240 000	7 600 000	4.97%
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HEADING II / TITLE II: RUNNING COSTS

TITLE II	RUNNING COSTS				
	HEADING	Commitments 2007	BUDGET 2008	BUDGET 2009	Evolution 2009/2008
CHAP. 21	RUNNING COSTS (in Brussels)				
ART. 211	OFFICE RENTAL AND INCIDENTAL EXPENSES	904 289	935 000	965 000	3.21%
ART. 212	OTHER RUNNING COSTS	265 799	360 000	370 000	2.78%
ART. 213	MISCELLANEOUS CONSULTANTS, LEGAL EXPENSES AND EXTERNAL AUDIT	83 517	155 000	185 000	19.35%
ART. 214	EXECUTIVE BOARD	129 784	125 000	140 000	12.00%
	SUB - TOTAL	1 383 389	1 575 000	1 660 000	5.40%
CHAP. 22	COMMUNICATION AND COMPUTER SERVICES				
ART. 221	PROMOTION AND COMMUNICATION ACTIVITIES	183 959	225 000	225 000	0.00%
ART. 222	COMPUTER SERVICES	270 489	275 000	275 000	0.00%
	SUB -TOTAL	454 488	500 000	500 000	0.00%
TITLE II	TOTAL	1 837 837	2 075 000	2 160 000	4.10%

HEADING III / TITLE III: TECHNICAL SUPPORT AND OPERATIONS MANAGEMENT

TITLE III	TECHNICAL SUPPORT AND OPERATIONS MANAGEMENT				
	HEADING	Commitments 2007	BUDGET 2008	BUDGET 2009	Evolution 2009/2008
CHAP. 31	QUALITY MANAGEMENT AND MISSIONS				
ART. 311	QUALITY MANAGEMENT AND INTERNAL EVALUATION	21 400	30 000	30 000	0.00%
ART. 312	MISSIONS	201 329	240 000	200 000	-16.67%
	SUB -TOTAL	222 729	270 000	230 000	-14.81%
CHAP. 33	DECENTRALISATION				
ART. 331	REGIONAL FIELD OFFICES	608 258	700 000	700 000	0.00%
ART. 332	LOCAL OPERATIONAL NETWORK	622 245	525 000	650 000	23.81%
	SUB -TOTAL	1 230 503	1 225 000	1 350 000	10.20%

TITLE III	TOTAL	1 453 232	1 495 000	1 580 000	5.69%
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	TOTAL: TITLES I, II and III	11 315 007	10 810 000	11 340 000	4.90%
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HEADING IV / TITLE IV: OPERATIONS

TITLE IV	OPERATIONS				
	HEADING	Commitments 2007	BUDGET 2008	BUDGET 2009	Evolution 2009/2008
CHAP. 41	GENERAL SUPPORT ACTIONS				
ART. 411	STUDIES AND PUBLICATIONS	281 515	425 000	390 000	-8.24%
ART. 412	MEETINGS, TECHNICAL SEMINARS AND ENTREPRENEURS' MISSIONS	192 894	725 000	500 000	-31.03%
	SUB -TOTAL	474 409	1 150 000	890 000	-22.61%
CHAP. 42	DIRECT ASSISTANCE				
ART. 421	TECHNICAL EXPERTISE	82 130	550 000	300 000	-45.45%
ART. 422	SUPPORT FOR INTERMEDIARY ORGANISATIONS AND SERVICE PROVIDERS	705 662	680 000	1 000 000	47.06%
ART. 423	<i>SUPPORT FOR ENTERPRISES</i>	3 018 089	5 310 000	4 820 000	-9.23%
	SUB -TOTAL	3 805 881	6 540 000	6 120 000	-6.42%

TITLE IV	TOTAL	4 280 290	7 690 000	7 010 000	-8.84%
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TOTAL: CDE BUDGET	15 595 297	18 500 000	18 350 000	-0.81%
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HEADING G / TITLE G: MANAGEMENT ON BEHALF OF THE COMMISSION AND OTHER THIRD PARTIES, CO-FINANCING AND CONTRIBUTIONS FROM ACP BENEFICIARIES AND EU PARTNERS

<u>MANAGEMENT ON BEHALF OF THE COMMISSION AND OTHER THIRD PARTIES, CO-FINANCING AND CONTRIBUTIONS FROM ACP BENEFICIARIES AND EU PARTNERS</u>					
TITLE G	HEADING	Commitments 2007	BUDGET 2008	BUDGET 2009	Evolution 2009/2008
CHAP G1	MANAGEMENT OF PROGRAMMES OR ACTIONS ON BEHALF OF THE COMMISSION AND OTHER THIRD PARTIES, AND SHARE OF INTERVENTIONS CO-FINANCED BY THE COMMISSION AND OTHER THIRD PARTIES				
ART. G11	MANAGEMENT OF PROGRAMMES OR ACTIONS ON BEHALF OF THE COMMISSION, AND SHARE OF INTERVENTIONS CO-FINANCED BY THE COMMISSION		500 000	400 000	-20.00%
ART. G12	CONTRIBUTIONS FROM OTHER THIRD PARTIES		3 000 000	3 100 000	3.33%
	SUB -TOTAL		3 500 000	3 500 000	0.00%
CHAP G2	CONTRIBUTIONS FROM ACP BENEFICIARIES AND EU PARTNERS				
ART. G21	CONTRIBUTIONS FROM ACP BENEFICIARIES AND EU PARTNERS		2 215 000	2 085 000	-5.87%
	SUB -TOTAL		2 215 000	2 085 000	-5.87%
TITLE G	TOTAL: MANAGEMENT ON BEHALF OF THE COMMISSION AND OTHER THIRD PARTIES, CO-FINANCING AND CONTRIBUTIONS FROM ACP BENEFICIARIES AND EU PARTNERS		5 715 000	5 585 000	-2.27%

	CONSOLIDATED BUDGET	Commitments 2007	BUDGET 2008	BUDGET 2009	Evolution 2009/2008
	CDE BUDGET	15 595 297	18 500 000	18 350 000	-0.81%
	MANAGEMENT ON BEHALF OF THE COMMISSION AND OTHER THIRD PARTIES, CO-FINANCING AND CONTRIBUTIONS FROM ACP BENEFICIARIES AND EU PARTNERS		5 715 000	5 585 000	-2.27%
	GRAND TOTAL	15 595 297	24 215 000	23 935 000	-1.16%

EDF SUBSIDY + CDE'S OWN REVENUE (ESTIMATE)**EXPENDITURE**

		2008	2009
TITLE I	Staff	7 240 000	7 600 000
TITLE II	Running costs, including external audit and Executive Board	2 075 000	2 160 000
TITLE III	Technical support and operations management	1 495 000	1 580 000
TITLE IV	Operations	7 690 000	7 010 000
		<hr/>	<hr/>
	<u>TOTAL EXPENDITURE</u>	18 500 000	18 350 000

REVENUE

		2008	2009
EDF subsidy to the CDE		18 000 000	18 000 000
CDE's own revenue (estimate)		500 000	350 000
Carry-over from the overall EDF subsidy to the CDE under the 1 st Financial Protocol of the Cotonou Agreement		---	---
		<hr/>	<hr/>
	<u>TOTAL REVENUE</u>	18 500 000	18 350 000

BUDGET FOR 2009 IN DETAIL

Article	Heading	Commitments 2007	BUDGET 2008	BUDGET 2009
111	Contracts for an indefinite period - Gross salaries and social security contributions	6.191.662	5.600.000	5.850.000

In accordance with the Staff Regulations, there are three types of contract for statutory staff: contracts for an indefinite period, for a fixed period and short term.

Gross salaries

The gross salaries of staff on contracts for an indefinite period are budgeted on this article, including those of the staff members assigned to manage the regional field offices and to PRIMS-CDE (the ProInvest Management Unit).

The gross salaries of staff on fixed-period or short-term contracts are budgeted on Article 112

Staffing situation

There were 11 departures in 2007 (including 4 resignations). The contract of one other staff member was not renewed at the beginning of 2008. At 1 March 2008, therefore, there were 41 staff members on contracts for an indefinite period.

At the time of drawing up the CDE's budget proposal for 2009, the recruitment of the new Director is in progress.

Following the resignation of the accounting officer in 2007, it was envisaged to recruit his replacement in 2008. However, it is likely that this will not be done until 2009 at the earliest.

The staffing situation for the 2009 budget is shown in the table on the following page.

Social security contributions

The social security contributions for staff on contracts for an indefinite period are charged to this article, including those for the staff members assigned to manage the regional field offices and to PRIMS-CDE.

The social security contributions for staff on fixed-period or short-term contracts are budgeted on Article 112

On recruitment, staff members may opt for either a social security system based on the Belgian system (ONSS) or a system developed by the Centre and based on private insurance.

This article also covers the family allowance for each dependent child below 26 years of age, granted to staff members who have opted for the private system. Staff members who have opted for the Belgian system receive this allowance directly from the "Caisse d'allocations familiales".

BUDGET ITEMS

			<u>2008</u>	<u>2009</u>
1	SALA	Gross salaries (SAL)	EUR 4.000.000	4.200.000
2	SSCO	Social security contributions and family allowance (SSC)	EUR 1.600.000	1.650.000
			EUR 5.600.000	5.850.000

POSTS BUDGETED

Statutory staff in 2008

Level	Duties	STATUTORY STAFF				
		2008 (based on the current situation)				
		Posts in the organisation chart	Staff in place on 01/03/2008	Internal promotions foreseen	Departures/ recruitment	Staff in place on 31/12/2008 (forecast)
	(A)	(B)	(C)	(D)	(E)	
1A	Director (1)	1			1	1
1B	Deputy Director	1	1			1
		2	1	0	1	2
2A	Main expert	8	4	4		8
2B	Main expert	14	10	2		8
2C	Expert	13	9			7
2D	Expert	1	1			1
		36	24	6	0	24
3A	Principal assistant	13	9	1		10
3B	Clerical assistant	6	5			4
3C	Secretary	3	1			1
		22	15	1		15
4A	Technical staff	2	1			1
		62	41	7	1	42
	Temporary staff	6	6			6
	TOTAL	68	47	7	1	48

(1) The procedure to recruit the new Director is in progress. (The previous Director left in August 2007 after resigning.)

Proposal for 2009

Level	Duties	STATUTORY STAFF						
		2009						
		Posts in the organisation chart	Evolution	Posts in the organisation chart	Staff in place on 31/12/2008 (forecast)	Internal promotions foreseen	Departures/ Recruitment	Staff in place on 31/12/2009 (forecast)
	(F)	(G)	(H) = (F)+(G)	(I)	(J)	(K)	(L)	
1A	Director	1	0	1	1	0		1
1B	Deputy Director	1	0	1	1	0		1
		2	0	2	2	0	0	2
2A	Main expert	8	0	8	8	0		8
2B	Main expert	14	0	14	8	0		8
2C	Expert	13	-1	12	7	0	1	8
2D	Expert	1		1	1	0		1
		36	-1	35	24	0	1	25
3A	Principal assistant	13	0	13	10	0		10
3B	Clerical assistant	6	0	6	4	0		4
3C	Secretary	3	0	3	1	0		1
		22	0	22	15	0	0	15
4A	Technical staff	2	0	2	1	0		1
		62	-1	61	42	0	1	43
	Temporary staff	6	1	7	6		1	7
	TOTAL	68	0	68	48	0	2	50

- Out of the 68 posts in the organisation chart, 50 posts at most will be filled.
- A new accountant may be recruited in 2009.
- One post (level 2.C) for an expert on a contract for an indefinite period will be replaced by a post for an expert on a fixed-period contract (see Article 112).

HEADING I / TITLE I : STAFF

Chapter 11 : Statutory staff

Article	Heading	Commitments 2007	BUDGET 2008	BUDGET 2009
112	Contracts for a fixed period and short-term contracts	636.227	620.000	750.000

Level	Duties	Temporary posts - 2008		Temporary posts - 2009			
		Posts in the organisation chart (A)	Staff in place on 31/12/2008 (B)	Evolution (C)	Posts in the organisation chart (D) = (A)+(C)	Movement in 2009 (E)	Staff in place on 31/12/2009 (forecast) (1) (F) = (B)+(E)
2C	Expert (1)	4	5	1	5	0	5
3C	Secretary (3)	1	0	0	1	1	1
4A	Technical staff	1	1	0	1		1
		6	6	1	7	1	7

(1) One new post for an expert on a fixed-period contract.

(2) Possible recruitment of one secretary on a fixed-period contract.

In 2009, there will be 7 temporary posts (5 experts, 1 secretary and 1 technical staff).

The gross salaries and social security contributions for staff on fixed-period or short-term contracts are budgeted on this article.

A provision is also included to cover allowances according to the relevant internal rules.

Two staff members on fixed-period contracts are assigned by the Centre to PRIMS-CDE.

BUDGET ITEMS

			<u>2008</u>	<u>2009</u>
1	CFGS	Gross salaries (CFG)	EUR 440.000	515.000
2	CFSC	Social security contributions and family allowance (CFG)	EUR 170.000	215.000
3	CFAL	Allowances (provision) (CFA)	EUR 10.000	20.000
			EUR 620.000	750.000

HEADING I / TITLE I : STAFF

Chapter 11 : Statutory staff

Article	Heading	Commitments 2007	BUDGET 2008	BUDGET 2009
113	Contracts for an indefinite period - Allowances	545.546	630.000	620.000

This article covers the allowances and reimbursable expenses granted to staff on contracts for an indefinite period, in accordance with the Staff Regulations (with the exception of the family allowance that falls under Art. 111).

Also charged to this article are the allowances granted to staff members assigned to manage the regional field offices.

BUDGET ITEMS

			<u>2008</u>	<u>2009</u>
1	AEDR	Education allowance and registration fees (AER)	EUR 340.000	324.000
2	AHOL	Periodic home leave (AHL)	EUR 90.000	96.000
3	APAA	Allowances for regional field officers (APA)	EUR 192.000	192.000
4	AMIS	Miscellaneous (AMS)	EUR 8.000	8.000
			<hr/>	<hr/>
			EUR 630.000	620.000
			<hr/>	<hr/>

HEADING I / TITLE I : STAFF

Chapter 11 : Statutory staff

Article	Heading	Commitments 2007	BUDGET 2008	BUDGET 2009
114	Other expenses related to statutory staff	467.310	155.000	145.000

Training

The modernisation of computer applications and the introduction of IT programmes require staff members to receive the relevant training. Other training could also be envisaged in various fields.

Expenses for staff integration

Given the diversity of the nationalities and cultural backgrounds of its staff, and in line with the wishes of the Staff Committee, the Centre organises activities to integrate staff members and their families and so help to improve staff relations. Since 2008, the medical service at the Council no longer grants medical visits free of charge. The cost of this service is budgeted in this article.

Expenses related to departure and recruitment

Expenses and allowances related to departure (on early or normal retirement, for example) will be paid in accordance with the rules in force. A provision has been included to cover the costs of the procedure for recruiting a new Director and Deputy Director, who should assume their duties as from 1 March 2010.

BUDGET ITEMS

			<u>2008</u>	<u>2009</u>
	<u>Training</u>			
1	TITR	IT Training (TIT)	EUR 30.000	25.000
2	TFLC	Foreign language courses (TFL)	EUR 15.000	10.000
3	TOTH	Other training courses (TOT)	EUR 5.000	5.000
	<u>Expenses for staff integration</u>			
4	ESIC	Staff Committee and other staff integration activities (ESC)	EUR 5.000	5.000
	<u>Expenses related to departure and recruitment</u>			
5	DRDE	Departure (transport and removal expenses, reinstatement allowance, etc.) (DRD)	EUR 70.000	50.000
6	DRNP	Filling new or vacant posts (recruitment costs, transport and removal expenses, installation allowance, daily allowance, etc.) (DRP) (DRP)	EUR 30.000	50.000
			EUR 155.000	145.000

HEADING I / TITLE I : STAFF

Chapter 12 : Temporary assistance and seconded experts

Article	Heading	Commitments 2007	BUDGET 2008	BUDGET 2009
121	Temporary assistance and seconded experts	183.193	235.000	235.000

Temporary assistance

The costs of temporary assistance for short periods to carry out non-operational tasks or to assist the Centre's day-to-day work are charged to this article. There are various types of contract (through temp agencies, local contracts, etc.).

All the costs incurred in using this type of assistance, including social security contributions and various insurance costs, are charged to this article.

Experts on secondment from or exchanged with other organisations, trainees

European or ACP experts may be seconded to the Centre for a maximum period of four years. The employer continues to pay the salary of the seconded expert, while the Centre pays a monthly allowance. The programme allows the seconded experts to broaden their knowledge of private sector development, which can then be put to good use on their return. It also enables the Centre to strengthen its intervention capacity thanks to the specific expertise of these experts. Seconded experts could also be assigned to the regional field offices.

Two seconded experts are budgeted in 2009.

The Centre could also use the services of trainees placed at its disposal by various cooperation agencies and other organisations. The Centre pays a flat-rate allowance to cover some of the costs incurred in Brussels.

BUDGET ITEMS

			<u>2008</u>	<u>2009</u>
		<u>Temporary assistance</u>		
1	TSNA	Provision for temporary assistance (including assisting or replacing the Financial Controller, replacing staff on sick or maternity leave, etc.) (TSN)	EUR 110.000	110.000
		<u>Experts on secondment from or exchanged with other organisations, trainees</u>		
2	EXSE	2 seconded experts (EXS) and 3 trainees (flat-rate allowance) (EXT)	125.000	125.000
			EUR 235.000	235.000

HEADING II / TITLE II: RUNNING COSTS**Chapter 21 : Running costs (in Brussels)**

Article	Heading	Commitments 2007	BUDGET 2008	BUDGET 2009
211	Office rental and incidental expenses	904.289	935.000	965.000

This article covers costs related to renting offices at 52 Av. Herrmann Debroux.

A provision for property, regional and local taxes is also included. Under the Headquarters Agreement signed with the Belgian authorities, the Centre is exempt from paying direct taxes. However, property, regional and local taxes are due by the building owner. Under the terms of its lease, and as is the custom in Belgium, the Centre is required to refund to the building owner its share of the taxes for the surface rented. Efforts to obtain reimbursement of these taxes from the Belgian authorities have so far proved unsuccessful. The taxes therefore have to be budgeted as an expense.

BUDGET ITEMS

			<u>2008</u>	<u>2009</u>
1	ORPS	Offices and parking spaces (52, Av. Herrmann Debroux) (OPS)	EUR 613.000	633.000
2	ORPT	Property, regional and local taxes (OPT)	EUR 126.000	128.000
3	ORMB	Building (common charges) (OMB)	EUR 133.000	138.000
4	ORMC	Utilities, office repair and maintenance (OMC)	EUR 53.000	56.000
5	ORPC	Partitioning, cabling, etc. (OPC)	EUR 5.000	5.000
6	ORMS	Miscellaneous (OMS)	EUR 5.000	5.000
			<hr/>	<hr/>
			EUR 935.000	965.000
			<hr/>	<hr/>

HEADING II / TITLE II: RUNNING COSTS

Chapter 21 : Running costs (in Brussels)

Article	Heading	Commitments 2007	BUDGET 2008	BUDGET 2009
212	Other running costs	265.799	360.000	370.000

Furniture and equipment

This item covers costs related to purchasing, renting and maintaining the furniture and equipment necessary for the smooth running of the Centre. Efforts will be made to keep these expenses as low as possible.

Miscellaneous running costs

This item covers all other requisite running costs.

Representation expenses

Representation expenses incurred by the Management and staff members are charged to this item.

HEADING II / TITLE II: RUNNING COSTS

Chapter 21 : Running costs (in Brussels)

Article	Heading	Commitments 2007	BUDGET 2008	BUDGET 2009
212	Other running costs (continued)	265.799	360.000	370.000

BUDGET ITEMS

	<u>Furniture and equipment</u>		<u>2008</u>	<u>2009</u>
1	PFEQ Purchase of furniture and equipment (PFE)	EUR	40.000	40.000
2	RPHO Rental of photocopiers and other office machines (RPH)	EUR	21.000	23.000
3	RCLS Rental of the clocking system (RCL)	EUR	0	
4	RTEI Rental of the telephone installation (RTI)	EUR	20.000	21.000
5	MFEQ Repair and maintenance of furniture and equipment (MFE)	EUR	16.000	17.000
6	MPCI Petrol, car maintenance and insurance (MPC)	EUR	6.000	7.000
7	ROOC Replacement of one office car (ROC)	EUR	0	
8	RMIS Miscellaneous furniture and equipment (RMS)	EUR	10.000	10.000
	<u>Miscellaneous running costs</u>			
9	MSTA Stationery and office supplies (MST)	EUR	48.000	49.000
10	MTEF Telephone, fax (MTE)	EUR	45.000	46.000
11	MPOE Postage & delivery (MPE)	EUR	45.000	46.000
12	MBEL Banking charges and exchange rate losses (MBE)	EUR	5.000	5.000
13	MTRC Translation costs (MTR)	EUR	15.000	15.000
14	MLEC Legal consultation costs not related directly to staff matters (MLC)	EUR	0	
15	Electricity	EUR	24.000	25.000
16	Security	EUR	32.000	33.000
17	MMIS Miscellaneous running costs (MMS)	EUR	8.000	8.000
	<u>Representation expenses</u>			
18	EERE Representation expenses (EER)	EUR	25.000	25.000
		EUR	360.000	370.000

HEADING II / TITLE II: RUNNING COSTS

Chapter 21 : Running costs (in Brussels)

Article	Heading	Commitments 2007	BUDGET 2008	BUDGET 2009
213	Miscellaneous consultants, legal expenses and external audit	83.517	155.000	185.000

Miscellaneous consultants

The Centre sometimes uses the services of consultants to assist in the fields of organisation and administrative or financial management.

Legal expenses

Legal assistance is sometimes required in the management of staff contracts, revision of staff rules and regulations, ad hoc interpretation of the latter, or in settling disputes in accordance with the Staff Regulations.

Subsequent to the non-renewal of the contracts of some staff members, the Centre may have to cope with some cases of litigation, hence the increase of this item.

External audit

The Centre's Financial Regulation provides for an annual audit of its financial statements and financial management. A new audit firm has been appointed to audit financial years 2007, 2008 and 2009. As their financial terms are lower than those of the previous firm, this item has been revised downwards.

BUDGET ITEMS

			<u>2008</u>	<u>2009</u>	
1	CCON	Miscellaneous consultants (CCO)	EUR	50.000	50.000
2	LECE	Legal expenses (LCE)	EUR	60.000	100.000
3	EXAF	External audit: fees (EXA)	EUR	45.000	35.000
			EUR	155.000	185.000

HEADING II / TITLE II: RUNNING COSTS

Chapter 21 : Running costs (in Brussels)

Article	Heading	Commitments 2007	BUDGET 2008	BUDGET 2009
214	Executive Board	129.784	125.000	140.000

This article covers all the expenses related to the activities of the Executive Board, particularly the costs of meetings and expenses incurred for the activities of members between meetings.

BUDGET ITEMS

			<u>2008</u>	<u>2009</u>
1	EBME	Meetings (4 x € 31,250) (EBM) + activities (€ 15,000)	EURO 125.000	140.000
			<hr/>	<hr/>
			EURO 125.000	140.000
			<hr/>	<hr/>

HEADING II / TITLE II: RUNNING COSTS

Chapter 22 : Communication and computer services

Article	Heading	Commitments 2007	BUDGET 2008	BUDGET 2009
221	Promotion and communication activities	183.959	225.000	225.000

1. Information: e-newsletter/CDE website

- . All news is posted on the CDE website. The monthly e-newsletter, "Partnership", provides readers with articles on the CDE's activities to support the ACP private sector.
- . As the editorial team provides the e-newsletter and the articles to be posted on the website in both French and English, translation costs are included in this budget.

2. Other publications

- . The costs of the 2008 Annual Report and the 2009 agenda are included.

3. Graphics and promotion material

- . This budget includes the cost of producing and diffusing greeting cards (electronically and, if necessary, in paper form) and may also be used for any other communication material (USB keys, promotion material, etc.).
- . Also covered are the costs for producing brochures on the CDE's sector programmes (drafting, layout and printing).

4. Other public relations activities

- . The COM/PR service is going to launch a market consultation to recruit a short-term consultant for relations with the press. The budget will also cover this item.

5. Translation

- . Framework contracts will be signed with two translation services. The 2009 budget will also serve to cover the Centre's needs in this respect.

6. Other costs

The budget will cover all renewals of subscriptions to newspapers, magazines, etc. and may be used for any other (reasonable) expense linked to public relations activities.

HEADING II / TITLE II: RUNNING COSTS

Chapter 22 : Communication and computer services

Article	Heading	Commitments 2007	BUDGET 2008	BUDGET 2009
221	Promotion and communication activities (continued)	183.959	225.000	225.000

BUDGET ITEMS

Code			<u>2008</u>	<u>2009</u>	
1	PRCA	General activities related to public relations, brochures, newsletter, publicity and video (PPR) - General information meetings (PRM) - Reception and representation expenses	EUR	225.000	225.000
			EUR	225.000	225.000

HEADING II / TITLE II: RUNNING COSTS

Chapter 22 : Communication and computer services

Article	Heading	Commitments 2007	BUDGET 2008	BUDGET 2009
222	Computer services	270.489	275.000	275.000

The 2009 work programme will be a continuation of the previous year, with focus on strengthening the capacity of the decentralised resources.

The accounting system will be reviewed in order to integrate the new functionalities necessary for IPSAS standards.

New monitoring tools will be put in place in order to increase the visibility of the Centre's operations (KPI, dashboards, etc.).

A diagnosis application for SMEs will be developed and used in the field.

A rationalisation of the infrastructure of the regional offices will be initiated during the year.

The launch of the Intranet/Extranet systems will be closely monitored in order to determine the adjustments necessary to ensure their optimisation.

BUDGET ITEMS

			<u>2008</u>	<u>2009</u>	
1	CSLS	Software licences (CSL)	EUR	50.000	50.000
2	CSIN	Internet, Intranet (CSI)	EUR	25.000	25.000
3	CSDE	Decentralisation (CSD)	EUR	0	
4	CSND	New software (CSN)	EUR	90.000	90.000
5	CSPI	Programme and project management (CSP)	EUR	25.000	25.000
6	CSHA	Hardware (CSH)	EUR	30.000	30.000
7	CSFS	Maintenance of the new systems (CSF)	EUR	45.000	45.000
8	CSMS	Miscellaneous (CSM)	EUR	10.000	10.000
			EUR	275.000	275.000

HEADING III / TITLE III : TECHNICAL SUPPORT AND OPERATIONS MANAGEMENT**Chapter 31 : Quality management and missions**

Article	Heading	Commitments 2007	BUDGET 2008	BUDGET 2009
311	Quality management and internal evaluation	21.400	30.000	30.000

The amount budgeted covers:

1. Training staff in the quality procedures
2. Studies to assess client satisfaction.
3. Sectoral impact evaluation surveys
4. ISO follow-up and audit.

BUDGET ITEMS

Code			<u>2008</u>	<u>2009</u>	
1	IOEV	Quality management costs (QMC)	EUR	30.000	30.000
			EUR	30.000	30.000

HEADING III / TITLE III : TECHNICAL SUPPORT AND OPERATIONS MANAGEMENT**Chapter 31 : Quality management and missions**

Article	Heading	Commitments 2007	BUDGET 2008	BUDGET 2009
312	Missions	201.329	240.000	200.000

This article covers missions directly related to projects and to monitoring decentralisation, undertaken by staff members based in Brussels.

It also covers missions of general interest, such as promotion or prospecting missions. In particular, these include most of the missions of the Director and Deputy Director, as well as those of the Financial Controller mainly in the context of audits of the RFOs. Representation expenses incurred during these missions are charged to this article.

The allocation to this article was reduced by 30,000 euros in 2008. It is further reduced by 40,000 euros in 2009.

BUDGET ITEMS

Code			<u>2008</u>	<u>2009</u>
1	FOMI	Missions related to projects and to monitoring decentralisation (MPA)	EUR 150.000	130.000
2	EUMI	Missions related to projects and to monitoring the EU network (MPU)	EUR 10.000	10.000
3	GIMI	Missions of general interest, including representation expenses (GIM)	EUR 80.000	60.000
			<hr/>	
			EUR 240.000	200.000
			<hr/>	

HEADING III / TITLE III : TECHNICAL SUPPORT AND OPERATIONS MANAGEMENT

Chapter 33: Decentralisation

Article	Heading	Commitments 2007	BUDGET 2008	BUDGET 2009
331	Regional field offices	608.258	700.000	700.000

The Centre has already opened four regional field offices (for the Caribbean, Southern Africa, West Africa and East Africa).

Due to budget constraints, it is proposed to postpone opening the RFOs for Central Africa and the Pacific.

The main functions of the RFOs are to:

- . coordinate the operational network
- . evaluate requests for assistance prepared by the TIOs and correspondents; approve and manage interventions at local level in accordance with delegations of powers to this effect
- . participate in identifying, preparing and implementing sector programmes
- . monitor the implementation of individual interventions
- . coordinate the CDE's activities with the private sector support programmes of the local authorities and donors.

In principle, each RFO is managed by a CDE staff member assisted by staff recruited locally and possibly by a seconded expert.

The gross salaries, social security contributions and allowances of the staff members assigned to manage the RFOs are charged to Articles 111 and 112. The salaries of the staff recruited locally are budgeted in this article.

BUDGET ITEMS

Code			<u>2008</u>	<u>2009</u>
1	RCOF	Running costs (BRC)	EUR 400.000	400.000
		Support staff recruited locally (BRS)	EUR 250.000	250.000
		Seconded experts and trainees (BRE)	EUR 50.000	50.000
		Costs for setting up the RFOs (BRI)	EUR 0	
			EUR 700.000	700.000

HEADING III / TITLE III : TECHNICAL SUPPORT AND OPERATIONS MANAGEMENT

Chapter 33: Decentralisation

Article	Heading	Commitments 2007	BUDGET 2008	BUDGET 2009
332	Local operational network	622.245	525.000	650.000

Technical Intervention Offices (TIOs)

In addition to the RFOs, the Centre's operational network comprises Technical Intervention Offices (TIOs) selected on the basis of a market consultation. The renewal exercise was completed at the end of 2006 and 70 % of the TIOs were renewed.

The main functions of the TIOs are to identify and prepare proposals for assistance and, in some cases, to implement interventions.

The tasks to be performed by the TIOs, the procedures to be followed and the conditions for their remuneration are set out in the operational procedures manual that is submitted to regular ISO audits.

Specific work plans are established per ACP region (budget and programmes per region), so that the TIOs meet their operational objectives.

PSDPs

The CDE is currently in charge of three Private Sector Development Programmes (PSDPs) financed by external resources. Other similar programmes are being negotiated but they will only start in 2009.

The programmes envisaged in 2009 are:

PSDP Haiti – EDF financing
PSDP Gabon – Gabonese financing
PSDP Democratic Republic of Congo – Belgian financing.
PSDP Côte d'Ivoire – financing by Côte d'Ivoire

The budget may cover the costs of the experts selected by the Centre to manage these funds, as well as logistics and running costs.

HEADING III / TITLE III : TECHNICAL SUPPORT AND OPERATIONS MANAGEMENT

Chapter 33: Decentralisation

Article	Heading	Commitments 2007	BUDGET 2008	BUDGET 2009
332	Local operational network (continued)	622.245	525.000	650.000

BUDGET ITEMS

Code			<u>2008</u>	<u>2009</u>	
1	OPNE	Fees and expenses of the operational network, including: support for CDE representatives and production by the TIOs of reports per country/sub-region (ARA), fees of the selected institutions (AFE), refund of expenses incurred by members of the ACP network (ASU), provision for decentralised project management (GAP), identification, substantiation and	EUR	439.000	400.000
2	INME	Information meetings, private sector meetings, meetings of representatives: general information meetings (PRA); meetings of CDE representatives (REA); information meetings and training of representatives (PPA)	EUR	40.000	40.000
3	RCOR	Regional sectoral correspondents in ACP countries/regions (CRA)	EUR	36.000	0
4	EUIM	Information meetings in Europe, technical meetings with members of the EU network, etc. (RAC)	EUR	10.000	10.000
5		Support for PSDPs, including experts placed at their disposal	EUR		200.000
			EUR	<u>525.000</u>	<u>650.000</u>

HEADING IV / TITLE IV : OPERATIONS

Chapter 41: General support actions

Article	Heading	Commitments 2007	BUDGET 2008	BUDGET 2009
411	Studies and publications	281.515	425.000	390.000

The funds allocated to this article cover the following activities:

Studies

Sectoral and functional studies are part of the integrated programmes. Their aim is to identify key sectors at national or regional level, the main players (enterprises, intermediary organisations and service providers) in those sectors in both ACP countries and in Europe, as well as the sectors' strengths and weaknesses.

Given the evolution of economic conditions, such as the price of raw materials, the Centre needs to be aware of new intervention opportunities. In this respect, some preliminary studies will be necessary to identify specific niches.

Information and publications

All the information collected in the context of sectoral or specific studies, during sectoral or thematic meetings or at trade fairs, should be published and posted on the website.

In some specific cases, technical or thematic studies will be undertaken with a view to subsequent publication.

The cost of regular information updates is also budgeted on this article.

Promotion of a specific sector or product

This article covers activities to promote a sector or specific products on local, regional or major export markets.

Investment promotion

If this type of activity is requested, the necessary funds will be made available on this article. Also covered are the support components for investment funds (establishing the fund, co-financing "due diligence", making the investments secure).

HEADING IV / TITLE IV : OPERATIONS

Chapter 41: General support actions

Article	Heading	Commitments 2007	BUDGET 2008	BUDGET 2009
411	Studies and publications (continued)	281.515	425.000	390.000

BUDGET ITEMS

Code			<u>2008</u>	<u>2009</u>
1	SURV This includes: Sector identification studies. Choice of key sectors with special emphasis on high potential sub-sectors. Within the framework of programmes these studies usually include identification of the sector's main players and potential partners. They can be functional and/or transversal studies. Sectoral studies: in-depth examination of a sector in ACP countries (ESA) or in the EU (ESE).	EUR	330.000	295.000
2	PIDW This includes: collection, compilation and circulation of technical information (DOC), technical guides (PTE), thematic publications (PTH) and posting information on the web. PASP It also covers promotion activities (including preparation of support material, documents, samples, video, web, etc.), promotion meetings with institutions, professional organisations and enterprises in ACP countries (PGA) or in the EU (PRC)	EUR	95.000	95.000
3	OPRA Other investment promotion activities	EUR	PM	
		EUR	<u>425.000</u>	<u>390.000</u>

HEADING IV / TITLE IV : OPERATIONS

Chapter 41: General support actions

Article	Heading	Commitments 2007	BUDGET 2008	BUDGET 2009
412	Meetings, technical seminars and entrepreneurs' missions	192.894	725.000	500.000

The funds allocated to this article have been revised downwards, due to the reduced amount allocated to operations and the Centre's wish to increase its support for intermediary organisations.

This article covers the following activities:

Meetings and technical seminars

Some actions within integrated programmes require meetings of key players in the private sector to be organised in order to mobilise them along the lines sought by the programme.

These meetings can be either sectoral or thematic, with components for technical exchange, training or search for technical and commercial partners. They can also provide leverage for creating or strengthening associations or other intermediary organisations in the relevant sectors.

Entrepreneurs' missions

As a follow-up to the technical meetings and seminars of some programmes, it is sometimes important to enable groups of ACP entrepreneurs to visit Europe and groups of European entrepreneurs to visit ACP countries, so that they can improve their knowledge of local conditions and the specific business environment and also make or consolidate contacts.

This article covers the organisation of such missions and the Centre's partial contribution to the entrepreneurs' expenses. Entrepreneurs' missions of an individual nature are budgeted in Art. 423.

European network

The Centre is continuing to develop its European Institutional Network with a view to promoting EU-ACP enterprise partnerships and to mobilising EU technical, technological and financial resources and potential.

This network of over 80 European organisations and institutions comprises representatives of the private sector (employers' organisations, chambers of commerce and industry), cooperation agencies, foreign trade organisations, financing institutions, etc.

In addition to agreements to exchange and circulate information, to support initiatives and to identify and evaluate potential partners, the CDE has also signed co-financing agreements with some organisations.

The total amount of co-financing can account for up to 20% to 25 % of the Centre's budget for operations.

HEADING IV / TITLE IV : OPERATIONS

Chapter 41: General support actions

Article	Heading	Commitments 2007	BUDGET 2008	BUDGET 2009
412	Meetings, technical seminars and entrepreneurs' missions (continued)	192.894	725.000	500.000

Meetings will be held in EU countries in order to maintain, strengthen and diversify this network, to inform institutions and enterprises about opportunities in ACP countries, and to promote more participation in the Centre's initiatives. Some meetings could also take place in an ACP country.

The Centre will cover some of the costs of preparing, organising and participating in such meetings, together with the partner organisation, whenever possible.

The services offered by some partner organisations, and more particularly by private partners, will be remunerated.

The budget will also enable the Centre to carry out identification and network development studies, particularly as regards the new Member States.

BUDGET ITEMS

Code			<u>2008</u>	<u>2009</u>
1	SMEE Meetings of a sectoral nature. This includes organising or participating in trade fairs, partnership meetings or business meetings (RPR) and covers the cost of logistics and the fees of operators, speakers, discussion leaders and rapporteurs, etc. Contribution towards the cost for ACP promoters to take part in forums, trade fairs and partnership meetings (RFO) Contribution towards the cost for European partners to take part in forums, trade fairs, and partnership meetings (RPE) Reports on conclusions, etc.	EUR	685.000	476.000
	TMEE Thematic meetings (STH) Preparation and organisation of the meetings, consultants' fees, invitations to key players, follow-up to the meetings, etc.			
	TESE Technical or thematic seminars with a training component (SFO)			
2	AEMI Group missions of ACP (MGA) and/or EU entrepreneurs (MGU) EEMI	EUR	32.000	20.000
3	ENRE Remuneration of EU network services (ERC) and general search for proposals from EU entrepreneurs and enterprises (IPC)	EUR	8.000	4.000
		EUR	725.000	500.000

HEADING IV / TITLE IV : OPERATIONS

Chapter 42 : Direct assistance

Article	Heading	Commitments 2007	BUDGET 2008	BUDGET 2009
421	Technical expertise	82.130	550.000	300.000

The Centre employs a number of officers to coordinate actions in its various sectors. However, given the technical nature of the requests for assistance and the complex requirements of the enterprises, framework consultancy contracts are concluded with specialised experts in specific sectors. These experts are based in either the EU or ACP countries.

Their technical contribution, specific to the sector concerned, is essential for the design, validation, implementation and follow-up of the programmes.

However, in line with the new approach to rationalise and reduce the use of external consultants, these expenses have been reduced to less than 10% of the budget for operations in 2008. They are being reduced once again by just over 45% in 2009, and will therefore account for less than 5% of the amount allocated to operations.

BUDGET ITEMS

Code			<u>2008</u>	<u>2009</u>
1	ACON ACP and EU technical expertise (ACO)	EUR	550.000	300.000
		EUR	550.000	300.000

HEADING IV / TITLE IV : OPERATIONS

Chapter 42 : Direct assistance

Article	Heading	Commitments 2007	BUDGET 2008	BUDGET 2009
422	Support to intermediary organisations and service providers	705.662	680.000	1.000.000

The funds allocated to this article have been increased by over 47%, despite a reduction of almost 9% overall of the amount allocated to operations.

This article covers the following activities:

Assistance to intermediary organisations

The eligible organisations are intermediary organisations that represent a group of enterprises and assist them in their dialogue with the authorities, offer services to their members and are in charge of promotional aspects. These organisations may be national or regional but more specifically of the "home-grown" type and directed at enterprises in a specific sector.

In the context of the sectoral approach, programmes involve developing the sector's or sub-sector's intermediary organisations. Two types of assistance are envisaged:

- assistance in creating and/or strengthening the organisation itself
- support for the initiatives of intermediary organisations on behalf of their members, provided that they are in line with the Centre's general objectives and are not eligible for assistance from Pro€Invest for reasons of conditionality or timing.

A specific study on the transfer of the concept of technical centres from Europe to the ACP countries could also be financed on this article.

Assistance to service providers

Strengthening priority sectors involves improving the capacities of service providers within those sectors. Furthermore, under its mandate, the Centre is called upon to increase its support to consultants and service providers in ACP countries, more specifically within the framework of partnerships between ACP and EU consultancy firms.

To this effect, the Centre launched two pilot projects in 2006 in West and East Africa. As the results have been convincing, the projects will be developed and extended to the other ACP regions.

HEADING IV / TITLE IV : OPERATIONS

Chapter 42 : Direct assistance

Article	Heading	Commitments 2007	BUDGET 2008	BUDGET 2009
422	Support to intermediary organisations and service providers (continued)	705.662	680.000	1.000.000

Financial facility

It should be noted that strengthening the intermediary organisations (IOs) has a multiplier effect in terms of support at SME level. The Centre's contribution to strengthening IOs will also be increased and it will participate in implementing operations to support enterprise diagnosis.

BUDGET ITEMS

Code			<u>2008</u>	<u>2009</u>	
1	IOAS IOAI SAOI	Assistance to intermediary organisations or to other ACP institutions. This includes: assistance in creating and structuring organisations (IOS); studies and assistance for other ACP institutions (AIN); assistance and support for initiatives and support programmes managed by intermediary organisations (IOI)	EUR	300.000	450.000
2	IOIA	Assistance to service providers. This includes: assistance to service providers (COA), training assistance (COT), networks of expertise (preparatory work, setting up and updating databases) (EXN), promoting and strengthening ACP expertise (PSA)	EUR	225.000	350.000
3	FSMA FSEF	Financial facility. This includes: management and training assistance for ACP finance institutions (FSM), management assistance and support for venture capital funds (FSE)	EUR	155.000	200.000
			EUR	680.000	1.000.000

HEADING IV / TITLE IV : OPERATIONS

Chapter 42 : Direct assistance

Article	Heading	Commitments 2007	BUDGET 2008	BUDGET 2009
423	<i>Support for enterprises</i>	3.018.089	2.300.000	1.320.000

Assistance to enterprises inside programmes

The programme approach remains the preferred instrument for implementing the Centre's operations. It can be adapted to the changing business environment in ACP countries by integrating either new sectors of intervention, new concepts or even new programme structures. In 2007, for example, programme content was firmly reoriented towards support activities directly targeted at enterprises, with a sizeable reduction in components such as seminars, conferences, etc.

It is necessary to undertake activities to enable ACP enterprises to improve their overall competitiveness, not only on their own internal markets but also on regional and international markets, particularly in the context of the EPAs. This has led the Centre to implement two types of programme. The sector programmes remain topical but are noticeably fewer in number and reoriented towards niches where they can have more impact in terms of employment and value added. Their main aim is to provide enterprises with technical support. They are complemented by transversal programmes that aim to provide solutions in terms of operational effectiveness. They address the whole range of adding value to an enterprise: managerial efficiency, industrial performance, logistics, and market approach. To improve the impact of the Centre's interventions, these two types of programme are interactive and combine the Centre's resources in an intersecting manner. Enterprises in the Centre's priority sectors will be given precedence in terms of support from the transversal programmes.

Assistance to enterprises outside programmes

Some sectors do not have a sufficient critical mass of enterprises with similar problems to allow a structured programme approach. The requisite flexibility and reactivity is therefore obtained through tailor-made support. It is intended to implement this approach in a decentralised manner by means of the Centre's renewed ACP network, with closer proximity to the beneficiaries and the ability to react more quickly to changes in the business environment.

Quick diagnostic facility

It is proposed to develop a "quick diagnostic facility", a new service that would be made available systematically to ACP SMEs, with a contribution on the part of the beneficiary becoming a precondition for any individual assistance. This service could be provided by ACP intermediaries, consultants and, of course, by the Centre's TIOs after appropriate initial training of the staff concerned.

Upgrading ACP enterprises

One of the main demands of (non-LDC) ACP countries in the EPA negotiations is for their products to have preferential access to the EU market. However, studies have shown that, despite rules of preference, the share of ACP products on the EU market has fallen during the period from "Yaoundé to Cotonou".

On the other hand, countries that have not been beneficiaries of facilities under the ACP-EU agreements have been able to increase their share of the European market. Rules of preference are not enough. The decisive factor is an enterprise's competitiveness

HEADING IV / TITLE IV : OPERATIONS

Chapter 42 : Direct assistance

Article	Heading	Commitments 2007	BUDGET 2008	BUDGET 2009
423	<i>Support for enterprises (continued)</i>	3.018.089	2.300.000	1.320.000

.The CDE could play a vital role in helping ACP countries to improve the competitiveness of their enterprises. This support would take the following form:

- identifying sectors with real potential for competitiveness in each ACP region
- identifying beneficiary enterprises, on average five per sector; the assistance target for the first phase would be 100 ACP enterprises
- undertaking a diagnosis of the selected enterprises, assessing their technological, financial and managerial requirements
- identifying their financing requirements, together with the EIB; undertaking feasibility studies
- providing technical assistance.

HEADING IV / TITLE IV : OPERATIONS

Chapter 42 : Direct assistance

Article	Heading	Commitments 2007	BUDGET 2008	BUDGET 2009
423	<i>Support for enterprises (continued)</i>	3.018.089	2.300.000	1.320.000

BUDGET ITEMS

Code			<u>2008</u>	<u>2009</u>
1	<i>Support for groups of enterprises under the programme approach</i>	EUR	3.010.000	3.500.000
REMA	General identification of ACP projects and promoters (IPA) - search for potential ACP partners on the basis of proposals from EU enterprises (RSA) - project substantiation (SUB) - in-depth evaluation of requests (IDE)			
PRIA	Pre-investment assistance. This includes: partial studies (market, raw materials, pre-feasibility) (EPA); complete feasibility studies (EFC); partial technical studies, including search for equipment (ERE); expert assessment and diagnosis (EXD); search for finance (RFI); search for partners (IPP); assistance in first contacts (AVO) and in negotiations (ANE); pre-production management assistance (AMA); pilot project assistance (PPI)			
POIA	Post-investment assistance. This includes:			
ISIS	start-up assistance (ADE), technical assistance (ATE), training (FOR), marketing assistance (AMK), management assistance during production (AMN), assistance to demonstration projects (PDE), restructuring and upgrading assistance (ISS)			
ISIB				
POIA	Diagnostic facility (EDS)			
2	<i>Ad hoc support for enterprises</i>	EUR	2.300.000	1.320.000
REMA	General identification of ACP projects and promoters (IPA) - search for potential ACP partners on the basis of proposals from EU enterprises (RSA) - project substantiation (SUB) - in-depth evaluation of requests (IDE)			
PRIA	Pre-investment assistance. This includes: partial studies (market, raw materials, pre-feasibility) (EPA); complete feasibility studies (EFC); partial technical studies, including search for equipment (ERE); expert assessment and diagnosis (EXD); search for finance (RFI); search for partners (IPP); assistance in first contacts (AVO) and in negotiations (ANE); pre-production management assistance (AMA); pilot project assistance (PPI)			
POIA	Post-investment assistance. This includes:			
ISIS	start-up assistance (ADE), technical assistance (ATE), training (FOR), marketing assistance (AMK), management assistance during production (AMN), assistance to demonstration projects (PDE), restructuring and upgrading assistance (ISS)			
ISIB				
POIA	Diagnostic facility (EDS)			
		EUR	2.300.000	1.320.000

HEADING G / TITLE G : MANAGEMENT ON BEHALF OF THE COMMISSION AND OTHER THIRD PARTIES, CO-FINANCING AND CONTRIBUTIONS FROM ACP BENEFICIARIES AND EU PARTNERS

Chapter G1: Management of programmes or actions on behalf of the Commission and other third parties and share of interventions co-financed by the Commission and other third parties

Article	Heading	Commiments 2007	BUDGET 2008	BUDGET 2009
G11	Management of programmes or actions on behalf of the Commission, and share of interventions co-financed by the Commission		500.000	400.000

At the Commission's request the Centre will help with the management of EDF funds allocated to programmes or actions under the Cotonou Agreement.

For example, the Centre contributes to managing a programme to reinforce the capacity of enterprises and intermediary organisations in Haiti. This four-year programme financed out of the 8th EDF also facilitates dialogue between the private and public sectors.

In this case, the Centre covers the cost of a resident expert to implement the programme's enterprise support component.

BUDGET ITEMS

			<u>2008</u>	<u>2009</u>
1	Management of programmes or actions on behalf of the Commission	EUR	500.000	400.000
		EUR	500.000	400.000

**HEADING G / TITLE G : MANAGEMENT ON BEHALF OF THE COMMISSION AND OTHER THIRD PARTIES,
CO-FINANCING AND CONTRIBUTIONS FROM ACP BENEFICIARIES AND EU PARTNERS**

**Chapter G1: Management of programmes or actions on behalf of the Commission and other third parties
and share of interventions co-financed by the Commission and other third parties**

Article	Heading	Commiments 2007	BUDGET 2008	BUDGET 2009
G12	Contributions from other third parties		3.000.000	3.100.000

Management of programmes on behalf of third parties

The CDE may be requested to manage programmes on behalf of third parties, such as managing and monitoring private sector development programmes financed by bilateral cooperation or by ACP States. This relates in particular to funds provided by the Belgian and Gabonese authorities.

Co-financing by third parties of programmes or actions initiated by the CDE or initiated jointly

These programmes can be sectoral or transversal. The institutional partners' contribution can vary from 30% to 50% of the amounts budgeted by the CDE.

For joint programmes, which generally involve European companies, the share of co-financing takes account of a minimum contribution of one third by the (EU/ACP) partners.

The funds provided by the Luxembourg authorities and ICE (Italy) can be cited as examples.

Experts placed at the Centre's disposal for operations

The members of the CDE's institutional network regularly propose to provide the Centre with experts to work in the RFOs or at the head office in Brussels

Through their experience and contacts, these experts help to open the resources available for the ACP countries.

They are placed at the Centre's disposal in various ways: secondment from another EU or ACP institution (in which case the CDE covers the cost of a monthly allowance – see articles 121 and 331); the institution transfers funds to the CDE to cover the costs of the expert (often accompanied by funds for operations - see article G12, budget item 2); or the expert is simply provided at no cost to the Centre

**HEADING G / TITLE G : MANAGEMENT ON BEHALF OF THE COMMISSION AND OTHER THIRD PARTIES,
CO-FINANCING AND CONTRIBUTIONS FROM ACP BENEFICIARIES AND EU PARTNERS**

**Chapter G1: Management of programmes or actions on behalf of the Commission and other third parties
and share of interventions co-financed by the Commission and other third parties**

Article	Heading	Commiments 2007	BUDGET 2008	BUDGET 2009
G12	Contributions from other third parties (continued)	0	3.000.000	3.100.000

BUDGET ITEMS

			<u>2008</u>	<u>2009</u>
1	Programme management on behalf of third parties	EUR	500.000	1.100.000
2	Co-financing by third parties of programmes or actions initiated by the CDE or initiated jointly	EUR	2.000.000	1.500.000
3	Experts placed at the Centre's disposal for operations	EUR	500.000	500.000
		EUR	<u>3.000.000</u>	<u>3.100.000</u>

**HEADING G / TITLE G : MANAGEMENT ON BEHALF OF THE COMMISSION AND OTHER THIRD PARTIES,
CO-FINANCING AND CONTRIBUTIONS FROM ACP BENEFICIARIES AND EU PARTNERS**

Chapter G2: Contributions from ACP beneficiaries and EU partners

Article	Heading	Commiments 2007	BUDGET 2008	BUDGET 2009
G12	Contributions from ACP beneficiaries and EU partners		2.215.000	2.085.000

With regard to assisting ACP enterprises and intermediary organisations, the Centre's policy is to request the beneficiaries to contribute to the cost of the project. This contribution of minimum one third of the total cost can be provided in various ways: for example, covering local costs, air tickets, local fees, etc. This contribution shows the beneficiary's involvement.

European partners involved in a project are also requested to contribute to the cost

In 2006, the contributions from ACP beneficiaries and EU partners amounted to ± € 4,000,000, and the CDE's intervention budget amounted to ± € 5,700,000.

The Centre endeavours to increase this contribution from ACP beneficiaries and EU partners to 50%, whenever possible.

The amount of € 2,085,000 for 2009 is therefore a conservative figure.

BUDGET ITEMS

			<u>2008</u>	<u>2009</u>
1	Contributions from ACP beneficiaries and EU partners	EUR	2.215.000	2.085.000
		EUR	2.215.000	2.085.000

PROGRAMMES IN DETAIL

➤ Sustainable Forest Management (SFM)

Global objective

Sustainable forest management (SFM) is based on environmentally sound, socially beneficial and economically viable management of forests for the present and future generations. Notably, this approach is being driven by conscientious consumers in western countries, public authorities and corporate procurement policies that increasingly seek assurances that the exploitation of forestry resources is being conducted in an environmentally sustainable manner. The world market for timber and wood products is more and more geared towards certified products from SFM. For ACP enterprises involved in the forestry industry, SFM and certification are both becoming increasingly important to the extent that maintaining or increasing market share have become virtually impossible without these industrial standards.

In light of the sectoral context and the Centre's mandate, it is therefore most appropriate that the overall objective of the SFM and timber processing programme is to contribute to SFM development, downstream processing of timber and assisting the enterprises in this sector to access export markets. Naturally, the target regions are the Congo Basin countries in Central Africa, Ghana and Côte d'Ivoire, Suriname, Guyana and Belize. Target beneficiaries include integrated forestry/downstream processing companies, as well as associations and federations of foresters and manufacturers of wood and wood products, including joinery and furniture industries.

In 2009, the programme will focus on the design and implementation of SFM for several companies in the target regions, improved processing, management and marketing in the furniture sub-sector, skills development, capacity-building for a few carefully selected intermediary organisations and professional associations, as well as the publication of technical guides for operators.

Specific objectives

The specific objectives follow the value chain cycle from forest exploitation to downstream processing: first, second and third transformation:

- Increase areas under Sustainable Forest Management (SFM)
- Increase production and marketing of timber from SFM, including promotion of certification and lesser known species
- Improve productivity and develop downstream processing of value added products
- Increase export capacity and international quality standards
- Promote regional trade and cooperation

Target regions and countries

- African Forest Belt: Central Africa, plus Ghana and Côte d'Ivoire
- Caribbean Region: mainland forested countries: Suriname, Guyana and Belize
- Countries in these regions with sizeable joinery and furniture industries
- Forested countries in the Pacific region (such as Papua New Guinea, Fiji, on an ad-hoc basis)

Beneficiaries

- Integrated forestry/downstream processing companies
- Intermediary organisations: Associations and Federations of Foresters and Manufacturers, Technical Centres and other sector organisations
- Sizeable joinery and furniture industries

Beginning of programme - 2002	End of programme - 2009
Budget allocations since 2002	€ 2,377,570
Type of assistance	Number of companies and intermediary organisations assisted
Technical assistance in design and implementation of Sustainable Forest Management Plans and training in Sustainable Forest Management	50
Training in timber drying, tools sharpening and operating of planer-moulders	75
Training and technical assistance in lean manufacturing and functional furniture design	15
Participation in thematic training seminars, partnership meetings, fairs and follow-up	57
Assistance in creation and capacity building of training centres	2
Total	199
2009 budget proposal	To be determined
Forecast number of enterprises to be assisted	40

➤ **Semi-Industrial Fish Farming**

Global objective

The fisheries sector remains one of the most important sources of sustenance for many people on the African continent, while at the same time providing direct and indirect employment to approximately 10 million people. In recent years, however, supply has been lagging far behind demand, largely due to population growth. Current consumption levels can no longer be maintained from capture fisheries as they are almost fully exploited. Aquaculture is invariably seen as a viable alternative for increasing local production to meet the growing demand and lessen the negative impacts of foreign exchange outflows occasioned by fish imports. Although it is not at the same level as the other developing regions, Sub-Saharan Africa has huge potential for the development of fresh water fish-farming and there is currently a strong motivation on the part of operators and governments to promote fish-farming in this sub-region.

Given the improved prospects for developing fish-farming in Africa, the Centre aims to contribute towards industrial and semi-industrial fish-farming production, while reinforcing national and regional expertise and improving the performance of fish-feed producer companies.

Specific objectives

- Increase fish-farming production by assisting the development of private companies
- Support to fish farming companies (technical, management, economic and commercial assistance)
- Support to fish feed producer companies
- Creation of a national and regional network of aquaculture expertise
- Creation and/or reinforcement of fish-farming private sector association(s) or reinforced partnership among producers for input reductions and/or marketing level effect
- Creation of a regional training centre
- Improve access to local, regional and international markets

Target regions and countries

- East Africa/Indian Ocean: Uganda, Kenya, Tanzania
- West and Central Africa: Nigeria, Democratic Republic of Congo, Congo
- Southern Africa: Mozambique, Malawi, Zambia, Zimbabwe
- Other potential countries in these regions: Cameroon, Botswana, Angola, Namibia, Madagascar, Mauritius, Ghana, Gabon, Côte d'Ivoire

Beneficiaries

Industrial fish farms, feed companies, smaller farmers when possible, local expertise (service providers)

Beginning of programme - 2006	End of programme - 2009
Budget allocations since 2006	€ 1,006,551
Type of assistance	Number of companies and intermediary organisations assisted
Management assistance	2
Technical assistance	60
Technical expert	1
Partial study	1
Assistance to participate in meetings	15
Technical studies	2
Expert assessment and diagnosis	2
Sectoral studies	2
Capacity building for IOs	1
Total	86
2009 budget proposal	To be determined
Forecast number of enterprises to be assisted	30

➤ **Competitiveness in the Tourism Sector**

Global objective

The general objective is to improve the quality, competitiveness and sustainability of the tourism sector in ACP regions where the sector is predominant. That said, the specific needs of each ACP region are different.

In the **Caribbean**, for instance, the small independent properties (SME hotels) are in desperate need of marketing assistance. Working together with Pro€Invest and the Caribbean Hotel Association (CHA), the Centre will focus over the next one to two years on developing a common e-commerce platform and web-marketing capacity for the SME hotels. In addition, assistance will be focused on management training in service delivery, health, safety and environmental standards, product pricing and packaging.

In the **Pacific**, however, the focus will be on improving standards, risk management, energy and waste management.

In **Africa** (East, Southern, Central and West), the focus will be on promoting eco-tourism through the development of viable eco-tourism products and services, designing market strategies, creating market and value chains linkages, and developing associations and clusters that strengthen destinations. Africa is endowed with vast environmental resources that constitute a key element in eco-tourism development.

Specific objectives

- Foster the creation and upgrading of internet platforms for SME hotels in the Caribbean and the Pacific
- Train the management and staff of SME hotels in service, health, safety, environmental standards, yield management, product pricing and packaging
- Develop SME tourism industry capacity and competitiveness through the introduction of improved standards, best operating practices, risk management programmes and efficient energy, water and waste management systems
- Make optimal use of environmental resources that constitute a key element in tourism development, while maintaining essential ecological processes and helping to conserve natural heritage and biodiversity
- Study the potential for the promotion of eco-tourism in Central Africa

Target regions and countries

- Caribbean region
- Pacific region
- Central Africa, East Africa and Southern Africa

Beneficiaries

- SME member hotels of the Caribbean Hotel Association (CHA) and businesses of the CARIFORUM countries
- National Associations and individual enterprises in the Caribbean and the Pacific regions (SMEs)
- SMEs and intermediary organisations involved in the development of sustainable eco-tourism in Africa

Beginning of programme - 2006	End of programme - 2009
Budget allocations since 2006	€ 1,118,206
Type of assistance	Number of companies and intermediary organisations assisted
Partnership Meeting (Profit 2006)	41
Post investment assistance	6
Eco-Lodges: training and technical assistance (East Africa, Southern Africa)	30
Pilot e-commerce platform - Caribbean	15
Marketing promotion	2
Total	94
2009 budget proposal	To be determined
Forecast number of enterprises to be assisted	60

➤ **Building Capacities in the ICT Sector**

Global objective

Efforts to stimulate growth in the ICT sector have become an important feature of economic policy in most ACP countries, as it is now universally accepted that ICT is essential to economic growth and overall country competitiveness. ICT facilitates trade diversification and intensification, regional economic integration with global markets and supply chains linkages. Overall, it contributes to poverty reduction by increasing productivity, creating business opportunities and contributing to the effectiveness of governments, the private sector and civil society.

The focus in 2009 will be on strengthening the sector through capacity building of private sector operators and intermediary organisations.

Specific objectives

- Support the establishment of Internet Exchange Points and facilitate formation of national and regional ISP (Internet Service Providers) associations through targeted capacity development
- Review and assess the potential of Call Centres and BPO (Business Process Offshoring) to identify specific areas for CDE intervention
- Promotion of open source software in ACP SMEs
- Cooperation with academic institutions and private SMEs for the installation of self-sustaining "open source software courses" in selected ACP countries in Central, East and Southern Africa
- Assess the potential for a specialised venture fund for SMEs in the ICT sector to be established in collaboration with the IFC

Target regions and countries

All African ACP countries (West Africa, Central Africa, East Africa, Southern Africa)

Beneficiaries

- Enterprises and ISPs in the ICT sector in Africa
- Regional and/or National Professional Organisations, for example AfriSPA, CIVIC and others

Beginning of programme - 2003	End of programme - 2009
Budget allocations since 2003	€ 1,632,844
Type of assistance	Number of companies and intermediary organisations assisted
Diagnostic study	50
Sectoral Meeting (Dakar 2004)	48
Fair (SMSI Tunis 2005))	12
Forum (Novatech 2006)	20
Technical assistance to SMEs	10
Training in Linux (East Africa)	60
Total	200
2009 budget proposal	To be determined
Forecast number of enterprises to be assisted	45

➤ SME Investment Support Programme

Global objective

The difficulties of accessing investment financing for SMEs in ACP countries remains one of the main obstacles to private sector development. The problem has been exacerbated by the gradual disappearance of most development banks and the emergence of commercial banks as a primary source of project finance, in spite of being ill-equipped for the task. Typically, the ability to raise capital is hardest on SMEs whose financing requirements are mainly in the range of around 50,000 to 500,000 euros. With some exceptions, the alternative source of project finance for SMEs in some regions has emerged in the form of local and regional venture capital funds.

The CDE's support in this domain is to contribute towards facilitating access of ACP SMEs to investment financing by bringing together venture capitalists, other equity funds and the promoters of SMEs. On the one hand, the Centre will assist the investee companies to prepare bankable projects while providing targeted technical assistance to beneficiary SMEs. This approach will be further enhanced by developing entrepreneurial skills through the provision of business development services to a few selected risk capital financed companies. In addition, the CDE's interventions will also aim to improve pre-investment technical appraisal, including due diligence of SMEs targeted for investment, as well as providing rapid response technical assistance to beneficiary SMEs.

Specific objectives

- Development of entrepreneurial skills via the provision of Business Development Services to selected risk capital financed SMEs
- Improvement of SME investment process via targeted pre-investment technical appraisals
- Development of a rapid response technical assistance facility model for privately financed SMEs through cooperation with a few pilot ACP Venture Capital Funds

Target regions and countries

- Focus on Sub-Saharan Africa
- Specific countries: depending on investment targets of cooperating funds

Beneficiaries

- Around 40 SMEs in Sub-Saharan Africa (ongoing)
- Local ACP service providers

Beginning of programme - 2007	End of programme - 2010
Budget allocations since 2007	€ 640,000
2009 budget proposal	To be determined
Forecast number of enterprises to be assisted	50

➤ **Competitiveness Enhancement Programme**

Global objective

The challenges faced by all ACP regions in achieving and maintaining competitiveness are well known, though their resolution has proved elusive. Even though most ACP governments have worked hard to improve regulatory frameworks and governance issues, supply and value chains remain weak and underdeveloped. Most ACP countries face the constraints of small domestic markets, undiversified production bases, underdeveloped infrastructure and inadequate skilled human capital. With the exception of mineral and petroleum industries, the private sector in most ACP countries is dominated by SMEs, the informal sector playing a crucial role in production and growth. Typically, products and services from the ACP regions are often poorly recognised or undervalued on world markets for a variety of reasons, including inadequate national standards and limited marketing capacity, all of which undermine consumer confidence and interest.

The ongoing negotiations between the EU and ACP regions on Economic Partnership Agreements have heightened awareness to the need to improve the competitiveness of ACP enterprises. Success in international markets also requires properly functioning internal and regional markets. International competitiveness involves not only the ability to secure export markets, but also the need to maintain internal markets in the face of international competition.

The objective of the competitiveness enhancement programme is to provide best practice tools to groups of enterprises that are not exclusively defined by physical resource-based sector orientation, but rather share the same business objective, i.e. to upgrade the quality of their products and improve operational efficiency, thereby improving and strengthening their market competitiveness. Unlike the other physical resource-based programmes, this facility is principally characterised by a flexible approach that aims to assist SMEs to improve productivity at different stages of the value chain. It is further envisaged that the practical application of the proposed facility and the implementation framework will, as a matter of necessity, dovetail with and complement the other sector programmes. The strategic focus of this facility and the corresponding selection criteria will be driven in large part by the need to identify and develop, where necessary, new drivers of innovation and product diversification.

The objectives of the facility can be summarised as follows:

- 1) Build capacity at enterprise level to enable SMEs to effectively audit themselves, and be able to identify structural and organisation weaknesses that can constrain market competitiveness.
- 2) Deliver enterprise specific training programmes with a view to addressing any previously identified skills gaps.
- 3) Provide technical advice on best practices in procurement and supply chain management to ensure cost-effective use of resources at all levels.

Key areas to be covered by the facility include organisational audits, technical and human resource management, performance indicators and reporting. Ultimately, the introduction of this facility will undoubtedly contribute to the overall cohesion of the sector programme approach and enhance the potential impact at the enterprise level.

Specific objectives

- Enable SMEs to make decisions that integrate technical and operational management as well as sound management of resources in a manner that is consistent with best proven practices and tools.

Target regions and countries

- The programme started in 2006 in East Africa (Kenya, Uganda, Tanzania and Ethiopia)
- Extension is planned to all ACP regions

Beneficiaries

- SMEs in value added agriculture (milling, meat processing, food and beverage production, etc), general manufacturing, mainly Industry upstream of value adding agriculture industry
- Extension to other beneficiaries of CDE sector programmes in all ACP regions is foreseen

Beginning of programme - 2006	End of programme - 2009
Budget allocations since 2006	€ 156,448
Type of assistance	Number of companies and intermediary organisations assisted
Identification of companies + diagnostic	55
Workshops	45
Total	100
2009 budget proposal	To be determined
Forecast number of enterprises to be assisted	151

Expected results

- Introduction of best management practices and tools at the shop-floor level
- Raised awareness and commitment of managers at all levels of the business to improving the competitiveness and productivity of the business enterprise
- Improvement in the level of skills and motivation of the workforce
- Establishment of better and effective communication within the enterprise
- Improvement in the product quality and consequently market share
- Increased accountability and transparency in all aspects of business operations
- Improved commercial viability of the enterprise
- Introduction of objective methods to measure performance against established benchmarks
- Better prospects for future sustainability of the enterprise

➤ Maintenance for Public Works by SMEs

Global objective

To assist the African Water Association (Association Africaine de l'Eau) with the organisation of a capacity-building programme for SMEs and water administrations in order to enable them to implement a high-performance and efficient maintenance process.

The programme will include: an inventory and risk analysis, development of a specific maintenance master plan, development of functions for the implementation of computer-assisted maintenance management (CMM), development of inspection/maintenance, training and monitoring/evaluation of maintenance procedures, as well as support in developing a business plan for the acquisition of maintenance technologies.

Specific objectives

- Improvement of maintenance methods by developing an effective maintenance process
- Better management of water resources by reducing losses, thus enabling expansion of the service offered
- Optimal exploitation of equipment and structures while extending their useful life
- Reduction in operating costs, to allow future investments, among other things

Target regions and countries

Burkina Faso, Djibouti, Senegal

Beneficiaries

- The target groups are the African Water Association, SMEs in public works, active in the water sector and the water administrations of the countries concerned
- The end beneficiaries are the customers, who will enjoy better quality technical service, improved availability of equipment and structures, and therefore better continuity of service.

Beginning of programme - 2007	End of programme - 2010
Budget allocations since 2007	€ 1,814,609
2009 budget proposal	To be determined
Forecast number of enterprises to be assisted	50

Results expected in 2009

- 1) SMEs and water administrations with improved capacities in water maintenance techniques
- 2) AfWA and 2iE will have capitalised on the results of the programme
- 3) Other results:
 - detection of apparent and especially non-apparent leaks and their repair programmed by SMEs
 - shorter reaction time for repairs of leaks
 - greater operating capacity for teams in charge of detecting leaks
 - organisation of the maintenance process
 - improvement in network yield and in the water loss index
 - maintenance procedures drawn up
 - adoption of the monitoring/evaluation process and of the maintenance process
 - risks controlled and safety of goods and persons ensured
 - water resource protected.

➤ **Supporting Optimal Energy Management**

Global objective

On average, energy accounts for approximately 25% of production costs, thus effectively ranking highest in terms of manufacturing production costs in most ACP countries. Sporadic availability and the high cost of energy are the key obstacles to the productivity and competitiveness of ACP industries. The promotion of energy efficiency and renewable energies is at the centre of EU common policy and regional programmes. Efficient energy management contributes to the reduction of other undesirable production externalities, such as the CO₂ emissions in the framework of the Kyoto Protocol.

Some ACP regions have adopted a common framework for promoting the efficient use of energy. UEMOA (West African Economic and Monetary Union) has been active in developing a common strategy to change energy production and consumption patterns which would create a general framework for the promotion of renewable energy and optimal energy management among the member states.

In the initial phase, the CDE will target those countries in which industrial energy consumption represents 20% to 30% of production cost. The Centre will contribute towards the removal of technological, organisational and economic barriers to implementing energy efficiency management systems through technical assistance to private enterprises and intermediary organisations. In this regard, the promotion of technology transfer is an integral part of the approach. Moreover, the Centre will assist ACP enterprises to develop local and sectoral benchmarks based on existing EU experience. Working with the intermediary organisations and professional associations, the Centre will also promote public-private dialogue on administrative and fiscal measures needed to promote energy optimisation across a wide range of value adding industries.

Specific objectives

- Remove technological, organisational and economic barriers to implementing energy efficiency and sustainable supply and consumption of bio-fuels through technical assistance to private enterprises and intermediary organisations
- Develop local and sectoral benchmarking based on existing EU experience and pilot projects
- Promote technology transfer for low-cost measures and cost-efficient tools and equipment to private enterprises in priority sectors
- Contribute to public-private dialogue on administrative and fiscal measures needed to optimise energy supply and consumption in industry.

Target regions and countries

- African countries in which energy represents 20 to 30% of total production costs
- Pacific country islands dependent on fuel imports for electricity production
- Caribbean countries with low level of energy resources
- First year of the programme: West Africa only

Beneficiaries

- ACP industrial companies with energy-intensive technologies
- Intermediary organisations, Technical Centres and Energy Agencies

Beginning of programme - 2007	End of programme - 2010
Budget allocations since 2007	€ 600,000
2009 budget proposal	To be determined
Forecast number of enterprises to be assisted	110

➤ **Cereals and Legumes**

Global objective

Cereals and legumes represent the main food production of the countries of East, West and Central Africa (for example, more than 10 million tons of cereals a year for West Africa).

Post-harvest losses remain very high (30 to 40%) due to poor conservation, thus reducing available quantities of harvested production.

Under the effect of strong demographic growth (averaging more than 2.1% a year), demand for semi-finished or ready-to-eat food products based on cereals and legumes, as well as for potatoes, has increased steadily among urban and rural households and industry.

Owing to the low level, or absence, of certain very important linkages in the value chain in this sector (post-harvest conservation, industrial processing, marketing, etc.), massive quantities of food are imported (rice, children's food, flour, biscuits, potatoes, etc.) creating a food dependence that is ruinous for the fragile economies of the African countries in the zones concerned.

However:

The CDE's targeted actions in support of enterprises in the cereals sector have produced encouraging results (consolidation of companies, creation of new companies, product diversification, development of ACP/EU technical and financial partnership) and have encouraged the grouping of operators (professional organisations) in several countries.

Seed production trials from in vitro seedlings in Mali and Fouta Djallon have spawned interesting prospects in terms of the missing linkages in the potato production chain.

The CDE will supply promoters in these countries with targeted and sustained support (direct support and support for intermediary organisations) as part of an overall programme aimed at attaining the identified objectives.

Specific objectives

- To strengthen the competitiveness of existing and new enterprises with a view to reducing the countries' dependence on imports of cereals- and legume-based products
- To identify and reinforce professional organisations at national level and, if possible, at sub-regional level

- To exploit, for the benefit of motivated ACP promoters, the real investment opportunities offered through the mastery of technologies for development of the cereals sector (adapted technical equipment, the use of bio-energy in certain costly operations) and the legumes sector (production of seed from in vitro potato seedlings and their dissemination), targeting the weaknesses and shortcomings of the value chains in the sub-regions
- To increase appreciably and rapidly the supply of processed cereals- and legume-based products available for food and feed, and for industrial use with a view to the emergence of a local, sub-regional and international market
- To help improve the nutritional situation of populations by promoting functional foods based on cereals and legumes.

Target regions and countries

- West Africa: Benin, Burkina Faso, Guinea, Ghana, Côte d'Ivoire, Mali, Niger, Senegal, Nigeria, Togo, Mauritania and Gambia
- Central Africa: Cameroon, Gabon, Congo and Chad
- East Africa: Kenya, Ethiopia and Tanzania

Beneficiaries

Around 100 enterprises in the sector, as well as six regional and/or national professional organisations, may benefit from the programme.

Other beneficiaries will include local consumers, who will have access to better quality basic products at a more reasonable price, and all farmers, who will find an outlet for their agricultural production in the context of the liberalised agricultural activities.

Beginning of programme - 2009	End of programme - 2010
Budget allocations since 2008	N/A
2009 budget proposal	To be determined
Forecast number of enterprises to be assisted	100

Results expected in 2009

- Successful technology transfer leading to diversified, competitive and increased production of processed products
- Consolidation and creation of enterprises and of sustainable, functional gainful employment in the weak areas of the sectors of investment
- Emergence of reference business leaders and professional associations in the sectors
- Development of the sector of production, processing and marketing of local cereals- and legume-based products
- Improvement of the potato seed activity through decentralised, competitive and timely production