

TECHNICAL ASSISTANCE COMPLETION REPORT

Division: RSOD

TA No. and Name		Amount Approved: US\$ 400,000	
TA 6075-REG: DEVELOPMENT OF A FRAMEWORK FOR SME SUPPORT		Revised Amount:	
Executing Agency:	Source of Funding:	TA Amount Undisbursed	TA Amount Utilized
ADB	ADB-TASF	US\$ 85,852.22	US\$ 314,147.78
Approval	Signing	Completion Date	
	Date	Original	Actual
	Fielding of Consultants	31 December 2003	30 September 2006
18 Dec 2002	NA		
	30 April 2003	Closing Date	
		Original	Actual
		31 December 2003	28 November 2006
Description			
<p>The regional technical assistance (RETA) aimed to strengthen Asian Development Bank (ADB) support for the development of small and medium-sized enterprises (SME). It was to review SME development strategies and support mechanisms in developing member countries (DMCs) and other relevant countries and, on the basis of the assessment, develop a framework for designing ADB-financed SME development programs.</p> <p>The RETA was to assess the relevance, cost-efficiency, and effectiveness of policy and institutional approaches adopted for SME development in selected DMCs and other countries, and review the feasibility and applicability of new mechanisms for providing market-based business advisory services and finance to SMEs development. On the basis of this assessment and other available research, key driving factors as well as effective strategies for successful SME development were to be identified.</p>			
Expected Impact, Outcome and Outputs			
<p>The TA was designed to identify successful strategies and mechanisms for SME development and formulate a common vision and conceptual framework for ADB-supported SME projects and programs. The RETA was also intended to establish a comparative interregional database on SME development and the related policy and institutional environment. In addition, the RETA paper identified as an expected output the publication of best practice guidelines for ADB-supported ADB operations, together with a seminar to discuss RETA findings with DMC representatives, and the design of an external ADB web site to facilitate access to relevant information on SME development strategies and mechanisms.</p>			
Delivery of Inputs and Conduct of Activities			
<p>The RETA was adequately formulated. The TA was programmed to finance some 9 person-months of international consulting services; a total of 5 individual consultants provided 9.5 person-months of international consulting services, mainly for preparing the draft guidelines and organizing the workshop. The consultants generally provided good quality write-ups in line with best international practices on the assigned topics, although substantial editing of language was subsequently required for the consolidation of the different contributions into one guidelines-style document. Due to budget constraints, the RETA was implemented through 5 individual consultants, which required substantial coordination efforts on part of the ADB task manager. It would have been more cost efficient to delegate the coordination task to a consulting firm.</p> <p>A Workshop on International Approaches for SME Development was held on 28-29 October 2003 at ADB Headquarters. Thirty six public and private sector participants dealing with SME development issues from DMCs, in which ADB has SME-related operations, participated and discussed the TA consultants' key concepts, findings, and recommendations for SME support. The workshop was generally well received by the participants.</p> <p>Internal feedback on the draft guidelines was subsequently obtained during several rounds of interdepartmental circulations and discussions with relevant ADB staff, which were incorporated in the final version. There were no dissenting views on the content of the document and the feedback received indicated that the guidelines were perceived to be useful for the formulation and discussion of new SME projects. Although it was initially anticipated to produce "guidelines" for SME support, the terminology was changed to "best practice notes" in line with new SPD policy guidance on the appropriate terminology for ADB documents. The RETA also financed the publication of "Best Practice Notes on Small and Medium-Sized Enterprises Support".</p>			

A database on DMC SME development programs and conditions was developed and populated with the help of staff in Regional Departments and resident missions.

An external ADB website on SME development, which also contains the Best Practice Notes, was created and readied for going online.

ADB performance was less than satisfactory, as the delivery of outputs was delayed for the reasons mentioned in the following section.

Evaluation of Outputs and Achievement of Outcome

The anticipated outputs have all been produced. The Best Practice Notes contain a comprehensive set of information about successful approaches to SME development that emphasize improvements in the overall business environment for SMEs and market-based mechanisms for SME finance and business development services rather than traditional intervention strategies that involve supply-driven Government-managed schemes and other forms of preferential treatment for SMEs, which did not prove to be effective or sustainable. To the extent possible, practical examples from developing economies were chosen to illustrate how the new approaches could work under these circumstances.

It would appear that there is now ADB-wide acceptance of these new approaches to SME development support, as recent ADB programs in this area have been in line with the recommendations contained in the notes. However, it needs to be considered that ADB's Medium-Term Strategy does not accord high priority to SME-related operations anymore, which would limit the usefulness of the notes for future ADB operations. It is too early to assess the effectiveness of the Best Practice Notes with regard to independent SME support efforts of DMCs, as the notes have yet to be disseminated. Although draft guidelines were produced during 2003/4, their editing and publication took another two years. This was mainly due to RSDD's reorganization in 2005, which did not reassign Bank-wide focal point responsibility for SME/industrial sector issues.

Overall Assessment and Rating

The RETA was partly successful, mainly due to the inefficient implementation process. The effectiveness of the RETA beyond ADB operations has been affected by the delayed publication of the Best practice notes. However, the content of the Best Practice Notes is going to remain relevant for the design of SME development efforts and any outcomes are likely to be sustainable.

Major Lessons (if any)

None

Recommendations and Follow-Up Actions

The responsible department should disseminate the publication to the relevant DMC entities and activate the SME website.

Prepared by H. Feig Designation Principal Evaluation Specialist