Private Sector for Development: Making Growth Happen

Presenter:
Rafika Amira
Division Manager
Independent Development Evaluation
African Development Bank
r.amira@afdb.org
Three Expected Outcomes …

• Share evaluative evidence on the role of the private sector in making growth happen

• Learn about what worked and what did not work based on the experience of 18 development institutions

• Spur dialogue on how development partners can work together to maximize the private sector’s contribution to development
Multitude of Private Sector Development Constraints...

- Electricity
- Access to finance
- Tax rates
- Competition from Informal Sector
- Worker Management Skills
- Political instability, corruption
The Response: Management of PSD Interventions…

- Use of mix of interventions tailored to country specific PSD
- “Gap filling” not a successful strategy though donors continue to pursue it
- Financing and non-financing support largely through intermediaries
- Little evidence of donor coordination at country level beyond the exchange of information
- Little focus on gender targeted PSD interventions
- A number of weaknesses with respect to M&E (outputs vs outcomes, baseline data, attribution)
The Response: is it efficient?

- Efficiency depended on field presence/institutional capacity
- Challenges retaining experienced staff
- Delivery through financial intermediaries more efficient
- Delivery through public sector institutions less efficient
The Response: is it relevant?

• Broad alignment between national PSD strategies and donor support strategies

• Policy and regulatory reforms are necessary but not sufficient conditions for PSD

• SMEs interventions characterized by an unclear underlying rationale, lack definitional clarity
The Response: is it effective?

- Interventions targeting regulatory reforms highly effective, with agreement between Government and private sector.
- Sectoral targeted interventions – particularly agriculture – have been effective
- Infrastructure received limited coverage in PSD evaluations
The Response: Are results sustainable?

- Sustainability as a primary focus during program design is rare
- Subsidies had a negative impact on sustainability of products and services
- Projects supporting technology for best development had the lowest ratings
- Private equity funds and microfinance institutions continued to remain sustainable after program implementation
So... what does this all mean?

**Takeaways**

- Additionality/catalytic effects have to be at the heart of PSD program design
- Special attention to choice of intermediaries and their capacity
- Donor cooperation beyond information exchange critical to enhance effectiveness and efficiency
Thank you