

Terminal Evaluation

Europe

1. Outline of the Project

Country:

Bulgaria

Project title:

The Japanese Cooperation to Support the Formulation of Key Government Policies on Industry

Issue/Sector:

Planning/Administration

Cooperation scheme:

Dispatch of Expert Team

Division in charge:

Middle East and Europe Division, Regional Department IV(Africa,Middle East and Europe)

Total cost:

216 million yen

Period of Cooperation 30 September 1999 - 29 September 2002

Partner Country's Implementing Organization:

Ministry of Economy (MOE), Bulgarian Trade Promotion Agency (BTPA), Agency for Small and Medium-sized Enterprises

Supporting Organization in Japan:

Ministry of Economy, Trade and Industry

Related Cooperation:

Dispatch of Expert Team; "Consultant on Production and Quality Management", "Investment Promoting"

1-1 Background of the Project

Since the collapse of communism in 1989, the Bulgarian society has been in the period of transition from the controlled economy to the market economy. The Bulgarian government was making efforts to improve economic conditions and to achieve desirable industrial structure for the economic development and realization of the economic reform. Despite the efforts, the economy of Bulgaria remained to mark negative growth till 1997, while other Middle European countries such as Hungary and Czech accomplished their positive economic growth by attracting foreign investment. It was necessary for Bulgaria to make even more efforts to attain market economy.

In this context, the government of Bulgaria requested support to the government of Japan for the formulation and development of industrial policies in Bulgaria.

1-2 Project Overview

The government of Japan support the formulation and development of industrial policies in Bulgaria to realize the reinforcement of competitiveness of its industry, the promotion of the small and medium sized enterprises (SME), and the promotion of export.

(1) Overall Goal

Industrial policies contributing to the establishment of a more competitive industrial structure are continuously developed and improved.

(2) Project Purpose

Suitable policies on industry in the fields of "reinforcement of competitiveness of industry", "SME promotion" and "export promotion" are developed and improved by MOE and other relevant organizations.

(3) Outputs

1) Formulation of industrial policy is accelerated and improved.

2) Methodology for the efficient development of industrial policies in the fields of "reinforcement of competitiveness of industry", "SME promotion" and "export promotion" is studied.

3) Practical skills of counterparts in the fields of industrial policy planning and development are improved.

(4)Input

Japanese side:

Long-term Experts	4	Country-focused Training	8
Short-term Experts	19	Equipment	8 million yen
Participants Received	6		

Bulgarian Side:

Counterparts 6

Land and Facilities

2. Evaluation Team

Members of Evaluation Team Team Leader/General: Yoshiaki NISHIMURA, Director, Institute of Economic Research, Hitotsubashi University
Evaluation Planning: Dai MIZUGUCHI, Middle East and Europe Division, Regional Department IV, JICA
Evaluation Analysis: Masayuki TAKAZAWA, RECS International Inc.

Period of Evaluation 8 September 2002 - 22 September 2003
Type of Evaluation: Terminal Evaluation

3. Results of Evaluation

3-1 Summary of Evaluation Results

(1) Relevance

The overall goal to improve the industrial policies which contribute to the enhancement of the competitiveness of the industries of Bulgaria was prioritized in the "National Economic Development Plan 2000-2006" and "Industry 2002 Program", and there has been no change in its priority since the commencement of the project. The project was planned accordingly to this prioritization and met the needs of Bulgaria. As Bulgaria lost its COMECON market, it was necessary to develop a new market for its economic development, and it was appropriate to select such target fields as "reinforcement of competitiveness of industry", "SME promotion" and "export promotion" for the project. However, the Japanese government could not dispatch appropriate experts timely as scheduled. Therefore, the relevance of the basic framework of the project was assured to some degree, but for planning and conducting activities, there was room for improvement. Despite the lack of relevance mentioned above, it was highly appreciated by the Bulgarian side that the activities and recommendations of the short term experts, the "Economic Policy Advisors", who were dispatched to Bulgaria three times in the latter part of the project were essential to support the policy of the country. The inputs by the experts resulted in the readjustment to the relevancy of the project.

(2) Effectiveness

The project purpose has not been achieved to the originally expected level as the visible effects could not be confirmed in the major three fields. The counterparts could gather information which formed the foundation for the development of industrial policies. The counterparts acquired the skills and methods to manage the information to some degree, but they did not reach the level to be able to analyze it and develop policies by themselves. However, there was no doubt that the effects of the project will be accumulated to realize the development of proper industrial policy, and that the project contributed to Bulgaria in building up the foundation on which the effective policy development is achieved.

(3) Efficiency

The efficiency in converting inputs to outputs was relatively low. It was important for the short-term experts to gather information from the long-term experts on status quo and the matters at the site. However, there was the timing gap in dispatch between the long-term experts and the short-term experts, so it was difficult for the short-term experts to get support from the long-term experts. As a result, the short-term experts could not receive support from the long-term experts. However, the training in Japan was extremely effective for the counterparts to directly acquire knowledge on the business environment of market economy. There seems room for further improvement in the Bulgarian government's selection procedure of trainees such that they are directly relevant to the purpose of training course.

(4) Impact

The impact on the final beneficiaries (such as the exporters, and large and SME's) was not evident when this evaluation was conducted. By the very nature of assistance, it takes a certain period of time for any policy, to the extent adopted, to produce its effects. Additionally, it is difficult to analyze the impact because the purpose of the project has not been achieved yet. However, the development of various political tools which can be technically settled in Bulgaria has the potential to give continuous positive effects to the future formulation of industrial policy.

The publication of reference materials such as the Exporters' Directory and the Catalog of Bulgarian Exporters had positive effects. By publishing these materials, the number of foreign companies requested the Bulgarian Trade Promotion Agency (BTPA) for information of Bulgarian companies increase from approximately 1,000 to 2,000. This fact is indicative of the impact.

(5) Sustainability

At the terminal evaluation, it is impossible to verify the sustainability in terms of the enhancement of the industrial competitiveness, the promotion of SMEs, and the promotion of the exports. However, a set of policies for enhancing the Credit Guarantee Scheme and the Business Encouragement Bank (BEB) may be adopted in the near future. The counterparts realized the necessity of collecting and analyzing necessary data for developing a policy. The counterparts actually acquired the capabilities to generate the Panorama of Bulgarian Manufacturing Industry and Exporters' Directory, the Catalogue of Bulgarian Exporters, and BTPA brochures. It is considered technically feasible to continue these activities, though financial support from the Bulgarian government is necessary. In the meantime, the continuity from the perspective of the direction of the policy is not always guaranteed, because there has not been an institutionalized policy-planning from the bottom up and meanwhile Bulgarian policies still have been set by the high level officials, such as the Ministers and vice ministers. However, the specific methods and effects of the project have been accumulated at the staff level, and the project has technical sustainability.

3-2 Factors that promoted realization of effects

(1) Factors Concerning the Planning

N/A

(2) Factors concerning the Implementation Process

The following three factors contributed to the realization of the effects of the project.

- 1) Enhanced capability of the counterparts and enriched knowledge of the C/P personnel.
- 2) Relevant activities such as Industrial Survey development, export promotion services (Exporter's Directory, Export Info CD-ROM) and analysis of manufacturing industry (Panorama).
- 3) Policy advice for important economic subjects by the short-term experts dispatched as Economic Policy Advisor (necessity of Credit Guarantee Scheme and more active role of BEB).

3-3 Factors that Impeded Realization Effects

(1) Factors Concerning the Planning

At the commencement of the project, the Bulgarian side expected the Japanese side to directly make Bulgarian industrial policy, but the Japanese side put emphasis on human resource development, as the Japanese side considered the fostering Bulgarian human resources is crucial in order to develop its industrial policy in the future. However, it was observed that the Japanese side had not so actively tackled concrete support on policy making. This gap of understanding between the Bulgarian and the Japanese sides remained unclear until the 2nd Project Consulting Team visited the Project Team in September 2001. There also remained some gaps among Japanese experts on the basic thrust of the project as core support of policies. As a result, the project activities were almost focused on partial and peripheral supports from the policy-making perspective, such as the data collection for policy making and the development of the capabilities through informing Counterparts. This slight difference between the original purpose and the actual activities led by the experts might have affected to the efficiency of the project and the accomplishment of its purpose to a certain degree.

(2) Factors concerning the Implementation Process

- 1) There was a delay in the long-term experts dispatch, inadequate allocation of the counterparts of the Bulgarian side, and change of political power during the project implementation period. These factors interfered with the formation of the team that shares the common purpose.
- 2) The project management system on the Japanese side was insufficient, therefore effective monitoring and flexible adjustment to the activities could not be conducted.

3-4 Conclusion

The Joint Evaluation Team recognized among the MOE and relevant organizations that the program contributed to the formulation of some policy measures, development of methodology of policy planning, and improvement of C/P practical skills to a certain degree in the Ministry of Economy and relevant organizations. Thus, both sides agreed that the program comes to an end in September 2002 as scheduled.

The project purpose has not been fully accomplished, because the development of a comprehensive and coherent set of industrial policy expected in the program has not been produced in a visible form covering the three development fields to which long-term experts have been assigned. As for the direct support to industrial policy, only the policies proposed by the short-term expert, "Economic Policy Advisor", was highly evaluated by the Bulgarian side and planned to be adopted as a part of the national policies. Nevertheless, the technical transfer on development of political tools (organizing Panorama of Bulgarian Manufacturing Industry and Exporters' Directory in CD-ROM and BTPA brochures) has been well established, and this greatly contributed to the Bulgarian side in the aspect of the human resource development.

3-5 Recommendations(concrete action, proposition and suggestions towards the concerned project)

- (1) Related organizations including MOE, BTPA and the Agency for Small and Medium-sized Enterprises should continue their activities initiated through the program such as Industrial Survey, publication of Panorama, Exporter's Directory and Export Info CD-ROM, and let these methodology lead to policy making on its industry.
- (2) The above related organizations should continue strengthening the capacity building of the personnel by continuously disseminating the knowledge and the experience attained through the program.
- (3) To maintain the communication channel for information exchange, the communication between the public and private sectors should be continued for the better formulation of the industrial policy.
- (4) To increase the effectiveness of the training, the Japanese side should discuss the preliminaries with the Bulgarian side on the contents of the two more Country-focused training courses in "Industrial Policy" that are planned to be implemented in the future.

3-6 Lessons Learned (Any matter in which might become of reference to discover, formation, enforcement, and management of other similar projects.)

- (1) Before starting a similar program, the Japanese side needs to develop the system to be able to dispatch necessary experts who can cope with the higher needs of the beneficiary country in terms of quality and quantity.
- (2) The framework of the cooperation should be designed as concretely as possible by both sides at the stage of planning. Therefore, it is necessary to use PDM to explain the overall goal, the project purpose, the outputs and the activities of the project.
- (3) For smooth and efficient management of the program, it is desirable to organize the steering committee from the beginning, and frequently discuss the progress of the program activities.

3-7 Follow-up Situation

In order to further enhance capabilities of the MOE, country-focused training course and "Industrial Policy", will be implemented in FY 2003 to 2004.