Promoting PSD in Fragile States: Approaches, Experiences and Lessons Learned

Maria Kim
CI DA

September 15, 2006
Supporting Private Sector Development

• PSD is a priority sector for Canadian development assistance.

• Three areas of focus:

  Promoting Entrepreneurship
  Access to finance, skills and knowledge needed to innovate and grow, micro, small and medium enterprises

  Creating an enabling environment
  Policy, regulatory and legal reforms to address barriers, help entrepreneurs start up formal enterprises, foster level playing field for smaller enterprises, address negative aspects of informality

  Connecting to markets
  Connecting entrepreneurs to domestic, regional and global markets; integrating into the global trading system, and fair economic opportunities for entrepreneurs.
Failed and Fragile States

- CIDA’s biggest bilateral programs are in fragile states
- Whole-of-government response
- Common analytical framework
- CIDA Guidelines for effective development cooperation in Fragile States – three pillars: good governance, security & stability and livelihoods
- Fragile states monitoring and assessment project undertaken by the Country Indicators for Foreign Policy (CIFP)
- Pilot project to test the CIFP methodology
CIDA approaches to support PSD in conflict-affected fragile states

- Donor aid coordination – e.g. pooled fund support
- Facilitating policy dialogue, e.g. Haiti
- Engaging Diaspora
- Community-based approaches that involve ethnic/religious groups and the private sector in development and policy dialogue
- Integration of gender into all aspects of programming
- Programs that target women, youth and ex-combatants
PROGRAMMING EXAMPLES

1. Afghanistan (2)
2. Sri Lanka
3. Philippines
Project: Kabul Procurement Marketplace

Partner: Peace Dividend Trust (PDT)

Type of interventions:
Matchmaking/Linkages program, procurement directory, targeted training
Serena Hotel Supplier’s Symposium
(Kabul)
Lesson learned: Linkage programs can increase competitiveness of small firms by helping them overcome the lack of information and knowledge of how to access and/or compete for supply and reconstruction contracts during immediate post-conflict periods.
Project: Microfinance Investment Support Facility for Afghanistan (MISFA)

Donors: CIDA, DFID, Danish, USAID, etc…

Administrator: World Bank

Type of intervention: Fast-tracking the establishment of self-sufficient microfinance institutions (MFIs)
Central (Kabul)
8 MFIs: AFSG, BRAC, CARE, FINCA, WWI, PARWAZ, ARMP, CHF.
Client: 33%, Portfolio: 24%

North
3 MFIs: ARMP, BRAC, WOCCU.
Clients: 26%, Portfolio: 23%

North East
2 MFIs: ARMP, BRAC
Clients: 17%, Portfolio: 34%

West
4 MFIs: FINCA, BRAC, ARMP, MADRAC
Clients: 14%, Portfolio: 10%

North
3 MFIs: ARMP, BRAC, WOCCU.
Clients: 26%, Portfolio: 23%

Central (Kabul)
8 MFIs: AFSG, BRAC, CARE, FINCA, WWI, PARWAZ, ARMP, CHF.
Client: 33%, Portfolio: 24%

South
4 MFIs: CHF, PARWAZ, MADRAC, BRAC.
Clients: 2%, Portfolio: 2%

EAST
4 MFIs: BRAC, FINCA, MADERA, MADRAC.
Clients: 8%, Portfolio: 6%
Lesson learned: Providing access to formal financing, capital, skills and training is an effective instrument for promoting micro-enterprise formation during post-conflict and can promote livelihoods in the licit economy or prevent return to conflict activities.
Project: Project for Rehabilitation through Education and Training (PRET) - Sri Lanka

Partner: World University Services of Canada (WUSC)

Type of intervention: Vocational Training, including ex-child soldiers
Lessons learned: Vocational training can promote peacebuilding (particularly for ex-combatants) by providing skills as an asset for gaining employment and preventing return to conflict activities.
Project:
Mindanao Program for Peace and Development (ProPeace)

Partner: Government of the Philippines through the Philippines-Canada Development Fund

Type of intervention: Livelihood creation, enterprise development and community organization
Lesson learned: A community-based approach involving the private sector, ethnic and or religious groups involved in the conflict can build social capital (e.g. trust) and can lead to more sustainable peace and development.
• Involve the private sector from day one
• Recognise and build on local assets and resources
• Provide access to formal financing
• Engage the Diaspora
• PSD will continue to be a priority for Canada

• Canada will continue to respond to crises in fragile states

• A peacebuilding framework can help to better achieve outcomes for both PSD and governance

• Demand from program officers working on PSD in fragile states for tools and knowledge on best practices and appropriate PSD interventions will grow

• In order to have a greater impact on peace, CIDA will consider lessons learned and best practices in promoting the private sector’s role in peacebuilding
THANK YOU!