

CDE's Assistance to Enterprises

Guidelines and criteria for eligibility and evaluation

General Guidelines

CDE offers a broad range of assistance for the creation and strengthening of ACP enterprises. The support usually involves CDE's own expertise and advisory capacity (including its antennae and associate consultants), which it contributes free of charge, and a grant contribution up to two thirds of eligible assistance expenses.

Most of CDE's support to enterprises is deliberately provided in the framework of structured sectoral programmes, but an assistance facility is equally available for direct requests of individual enterprises. This implies a quest for selectivity and targeting for results, combined with a degree of flexibility appropriate in the private sector context.

In any case, CDE has to apply strict and coherent criteria for granting its support, as required by its mandate and established strategy:

- basic criteria must be fulfilled concerning size and location of beneficiary enterprises, type of assistance required, etc;
- beneficiary firms must be basically in a sound position and competent to carry out the proposed project;
- the project must have promising features, to improve in a structural and sustainable way the performance of the enterprise, or to become a feasible and profitable investment;
- as a manager of public funds and provider of grants to private companies, CDE must obtain appropriate justification of the usefulness of the assistance and its economic value (innovation, competitiveness, demonstration effects, skills creation, etc.);
- indicators for cost-efficiency and impact of the assistance must be favourable.

Basic eligibility criteria

- Beneficiary enterprises / investment projects must be or become private companies (with majority private ownership or operating in private market conditions), legally incorporated and having their principal operational activities in an ACP country eligible for CDE support.
- In case of a new investment project, an EU-based company may be eligible if it has a clearly substantiated proposal for an investment to be located in an eligible ACP country.
- The size of the enterprise must be in the SME range, defined as:
 - o for existing enterprises: minimum total net asset value of € 80,000 or annual sales of € 250,000 (with lower exemptions possible for service companies);
 - o for a new enterprise to be established the same amounts apply for planned total investment and expected annual sales, respectively;
 - o in either case total net asset value or total investment generally not above € 10 million.
- The assistance required from CDE must be for business development services addressing a structural improvement of the enterprise, i.e. no grant contribution to regular investment or current operating expenses.
- The CDE's contribution per assistance intervention is in any case limited to a maximum of € 50,000 and shall never exceed 20 percent of the annual sales value of the beneficiary.
- Beneficiaries must firmly undertake to contribute at least one third of the eligible assistance expenses.
- Beneficiaries must respect relevant international codes of good conduct, in particular for labour and employment conditions and in respect of the ecological environment.

Evaluation of merits

Due to its mandate and given budget constraints, CDE has to be selective with its assistance to enterprises and therefore to assess the relative merits of project proposals.

Such assessment typically goes beyond the basic requirements, given above as necessary conditions. It is conducted with transparent criteria and methods to ensure the best degree of fairness and objectivity (see appraisal schemes in annex).

In this category the main criteria applied are the following:

- actual standing and performance of the enterprise (market position, technical capacity, management competence, financial conditions);
- prospect of the proposed project in terms of performance improvement, in particular for higher productivity and competitiveness;
- distinct advantage of the enterprise in its respective sector of activity and its scope for innovation;
- contributions to socio-economic progress (employment and skills, linkage and integration within the economy, demonstration effect for emulation, etc.);
- clarity and coherence of the project proposal, with regard to assistance provision and related results expected;
- demonstrated dedication and active involvement of the management in the preparation and pursuance of the project;
- degree of CDE's pertinence and added value as provider of expertise and subsidy funding.