



IFC's Private Enterprise Partnership

*Building Partnerships
for Sustainable
Economic Growth*



IFC's Private Enterprise Partnership is: Ten years of IFC's hands-on investment and technical assistance experience in the former Soviet Union. Serving: Armenia, Azerbaijan, Belarus, Georgia, the Kyrgyz Republic, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan. Funded jointly by donor governments (Canada, Finland, the Netherlands, Norway, Sweden, Switzerland, the United Kingdom, and the United States) and IFC.

The Private Enterprise Partnership (the Partnership) is the technical assistance arm of IFC in the former Soviet Union.¹ Established in May 2000, the Partnership builds on IFC's ten years of advisory and investment experience in the former Soviet Union. With the creation of the Partnership, IFC has consolidated and expanded its technical assistance programs in the region and more closely integrated them with IFC's investment program. IFC's Technical assistance activities in the region date back to 1992.

With support from donors, the Partnership works with private companies and governments to assist them to:

- Attract private direct investment
- Stimulate the growth of SMEs
- Improve the business enabling environment

To achieve these objectives, the Partnership implements programs in four distinct, complementary areas:

- Developing financial markets
- Building supply and distribution chains to link local companies to major investors and markets
- Improving corporate governance practices and business regulations
- Building business support services and improving the regulatory environment for SMEs

¹ The Partnership is also known as "PEP" in other parts of the Report. For a copy of the Partnership's Annual Report, contact the Director (see Directory for details) or go to www.IFC.org/pep

The Partnership's Funding

The Partnership is funded jointly by donor governments and IFC. IFC has committed US\$12.6 million for the period July 1, 2000, to June 30, 2003. In October 2002 the Partnership will seek additional IFC funding for future operations. IFC's contribution covers the overall management of the Partnership, allowing it to spend the vast majority (95 percent) of the donor funding directly on the technical assistance initiatives. In addition to funding, IFC contributes substantial time and expertise of IFC investment, technical, and other staff.

Donor contributions (not including those contributions received before the creation of the Partnership) currently amount to US\$34 million over the full life of the Partnership's projects. The Partnership has received the vast majority of its donor funding (US\$28 million) directly from bilateral donor agencies. About 11 percent of the Partnership's funding (US\$4 million) has been channeled through IFC's *TATF Program*. In addition to contributions from bilateral donor agencies, the Partnership has received more than US\$2 million in cash and in-kind contributions from other government institutions and private sector companies.

The Partnership thanks its current donor partners—*Canada, Finland, the Netherlands, Norway, Sweden, Switzerland, the United Kingdom, and the United States*—for their generous support.

A Year in Review: the Partnership's Programs

The Partnership is currently implementing 24 projects in six countries. Fifteen of these projects were launched in FY2002. In addition, the Partnership completed two programs this fiscal year. The following is an overview of the Partnership's activities in FY2002 structured by program areas.

Developing Financial Markets

To help the post-Soviet economies build healthy financial markets and increase financing options available to local businesses, particularly start-ups and SMEs, the Partnership develops leasing markets and strengthens the banking sector.

Leasing

In 1997, when IFC began the Leasing Development Program in Russia, very few local people knew what leasing was. Today, the size of the Russian leasing market will approach US\$2.4 billion by the end of 2002. IFC's Russia Leasing Development Group, with funding from *Canada and the United Kingdom*, has played a major role in the leasing sector's growth in Russia. Key contributions include drafting and advocating passage of the amendments to the Tax Code provisions on leasing (passed in August 2001) and to the Law on Leasing (passed in January 2002).

Donor Agreements HIGHLIGHTS

Before the Partnership was created, IFC received donor funding for discrete, free-standing technical assistance initiatives. With the establishment of the Partnership, donors have been able to enter into multiyear funding framework agreements with IFC. Multiyear agreements between the donors and the Partnership are structured according to regional or country focus and programmatic activities.

To-date, a number of such long-term agreements have been signed:

- **A five-year general agreement for technical assistance with the *Canadian International Development Agency (CIDA)*, covering Russia over five years and Ukraine over three years, with total funding of CAD 8.8 million.**
- **A three-year agreement with the *State Secretariat for Economic Affairs of Switzerland (seco)* for a portfolio of projects in Russia, Ukraine, and Central Asia totaling US\$7.1 million.**
- **An open-ended agreement with the *Government of the Netherlands* for Russia and Ukraine with an initial contribution of NLG 5 million through *Senter* and a subsequent contribution of €5.3 million through the *Ministry of Economic Affairs*.**
- **A three-year agreement for Ukraine with the *Swedish International Development Cooperation Agency (Sida)* totaling US\$1.6 million.**
- **A three-year agreement for Russia with the *Ministry of Foreign Affairs of Finland* totaling US\$980,000.**



To build local expertise, the Leasing Development Group trained thousands of leasing professionals, potential lessees, and government officials across 35 of the 89 regions of Russia. The team created the industry's leading periodical, *Leasing-Courier*, and a website—both unique sources of practical and analytical information on leasing in Russia. The *Leasing-Courier*, a bimonthly journal, reaches subscribers in 79 regions of Russia, and the leasing website (www.ifc.org/russianleasing) attracts about 10,000 visits each month.

IFC has complemented the Partnership's technical assistance work with investment, approving US\$19 million of its own resources and mobilizing US\$45 million from Western co-investors for three Russian leasing companies.

To intensify its work in the Russian regions, the Partnership launched leasing projects in the Urals region (*United Kingdom-TATF Program*), and in Northwest Russia (*Finland*).

The expertise gained by the Russia Leasing Development Program gave a quick start to the Partnership's Central Asia Leasing Development Project (*Switzerland, seco*). Launched in October 2001, the project has developed and submitted legislative amendments for consideration by the governments and lawmakers in the Kyrgyz Republic, Tajikistan, and Uzbekistan. The Kyrgyz Law on Leasing passed in June 2002, laying the foundation for the industry's development (box, p. 71). The Uzbek law was passed in August 2002. The Russia program also supported IFC's Armenia and Georgia offices in drafting leasing legislation. The legislation for both countries were passed in Spring 2002.

Banking

In the banking sector, IFC's strategy has been to combine investment with customized technical assistance to private medium-size banks. In the spring of 2002, the Partnership launched a technical assistance project with Center-Invest bank in Rostov-on-Don to complement a US\$2 million loan from IFC. The objective of this TA is to help strengthen Center-Invest's management and operations, particularly in the areas of corporate organization, business development strategy, internal audit, and asset and liability management practices. *Norway-TATF Program*

In March 2002, the Partnership launched another program with NBD Bank, based in Nizhny Novgorod. The bank recently received a US\$2.5 million loan from IFC. The Partnership's technical assistance program to the bank will focus on improving its internal audit function and the use of management information systems. *Norway-TATF Program*

These programs build on the Partnership's bank re-engineering program to Moscow-based Probusinessbank. The two-year technical assistance to Probusinessbank has helped the bank develop and implement a growth strategy based on expanding its lending to SMEs, increasing its assets by 27 percent and helping it attract more than US\$20 million in financing, including a US\$5 million subordinated loan from IFC. *United Kingdom-TATF Program*

Belarus:

Advocates Ensure Local Businesses Have a Voice

Belarus has one of the most challenging business development climates in Central and Eastern Europe. IFC's Partnership works with local business associations to help them become effective advocates for SMEs in this difficult setting.

Building Supply and Distribution Chains

To promote increased investment in post-Soviet markets and to bring the benefits of direct investment to local communities, IFC's Private Enterprise Partnership works to build local companies into competitive and responsible business partners and links them into the supply and distribution chains of major companies. Currently, IFC's Partnership is working with suppliers in the agribusiness, mining, forestry, furniture manufacturing, and automotive sectors in Russia, Ukraine, and Central Asia.

In June 2002, IFC's Board of Directors approved IFC financing of US\$3 million to help create the Agro-industrial Finance Company (AFC)—the first private financial institution to serve Russian primary agriculture. IFC's partners, Rabobank and the Netherlands Development Finance Company will provide an additional US\$6 million through IFC's syndicated loan program. AFC will finance agricultural enterprises that have supply contracts with major food processors in Russia. This project developed from the *Dutch-TATF Program* that worked with a dozen Russian farms, to help them become suppliers to the Dutch dairy processor Campina. Once AFC is operational, the Partnership, with funding from the Government of the Netherlands, will assist potential clients of AFC with financial management and consult with them on agricultural, management, and technology issues.



In the town of Gomel, in southeastern Belarus, local government bodies established a sales tax of €100 per month for individual entrepreneurs selling fur hats. This sum amounted to about 78 percent of the average monthly income of these entrepreneurs. For most of the fur hat traders in Gomel, this tax threatened their businesses.

With IFC's advice and legal expertise, the Council of Market Entrepreneurs began a campaign to reduce this tax, sending letters to officials at all levels of government – from the city and regional administrations all the way to the Belarusian Ministry of Trade. To gain extensive coverage of this issue in the regional and national media outlets, the Council also organized a vigorous media campaign, with IFC's support.

As a result, the Ministry of Trade lowered the tax on hats to €35 per month or about 27 percent of the average monthly income of a hat trader. And this victory helped the Council of Market Entrepreneurs to attract 200 new members.

The Council of Market Entrepreneurs is one of the 18 business associations IFC works with across Belarus to create strong advocates for SMEs. In addition to providing advice on organizing advocacy and media campaigns, the Partnership's Business Development project, funded by the *United States (USAID)*, trains and advises the business associations on a range of modern business support services, from developing business plans to using public relations techniques in product marketing. The project has guided the associations in the introduction of their business support services for SMEs on a sustainable, fee-for-service basis.

Since IFC began working with Belarusian business associations, their membership base has increased 60% (from 10,600 to 17,100 members) and their client base has doubled (from 6,950 to 14,000 clients). This ensures the associations' sustainable future growth based on increasing membership and business service fees.



In the forestry sector the Partnership is working with nine wood-harvesting companies in Northwest Russia to introduce sustainable and environmentally sound production practices, help them develop business plans and investment proposals, and match them with foreign investors. As a result of this work, funded by the *Finnish government and Finnish investors*, two of the participating companies have signed investment agreements with large investors, and others have established direct partnerships with the leading forest industry companies in Finland and Sweden. Currently the Partnership is working with several foreign investors to establish wood-processing facilities in Northwest Russia.

The Partnership is working with Russian furniture manufacturers, who are suppliers to IKEA, to introduce the modern technologies needed to meet IKEA's strict environmental standards for production to ensure that these companies remain within IKEA's global supplier network (*Norway-TATF Program*). The Partnership also works with IKEA's suppliers to help them develop new products using waste wood, to diversify their revenue, and to find new partners.

Still in its first year, the Partnership's Ukraine Agribusiness Development Program set up demonstration fields, provided hands-on training to 800 family farms in growing new crops and employing modern agricultural production

technologies, and then linked them into the supply chains of food processors in southern Ukraine (*Canada and Sweden*). The Partnership also advises Ukrainian farmers on developing business plans and organizing their financial records to help them access financing.

In 2002, the Partnership started three new projects in Russia to expand the benefits of IFC's investments. In Magadan (Russian Far East), the Partnership is working with SMEs to help them become suppliers to the mining industry, starting with Julietta Mine in Magadan—a joint US\$45 million investment by Canadian Bema Gold Corporation, IFC, and Standard Bank London & Bayerische Hypo-und Vereinsbank. *Canada (CIDA) and Bema Gold*

Eight time zones west of Magadan, IFC approved a US\$100 million loan to support the development of Ford's assembly plant outside St. Petersburg. The Partnership is working with Russian makers of auto components to build them into competitive and reliable suppliers to the Ford's assembly plant and to other automakers as well. *USTDA-TATF Program*

In Tajikistan, IFC is pioneering innovative approaches to improve cotton production and empower poverty-stricken cotton farmers to take control of their commercial activity and diversify production. *Switzerland (seco)*

Improving Corporate Governance

To improve the overall investment climate in post-Soviet economies, the Partnership works with private companies and governments to strengthen corporate governance practices and regulations. These activities are designed in close collaboration with the World Bank and in the context of the work of the Corporate Governance Forum.

Currently the Partnership is implementing the Corporate Governance Program in Russia (*the Netherlands, Switzerland*) and the Corporate Development Program in Ukraine (*Canada, Switzerland*). In the fall of 2001 the Partnership completed Corporate Governance projects in Armenia (*the Netherlands-TATF Program*) and Ukraine. *Canada, Japan, the Netherlands, the United Kingdom-TATF Program*.

In Ukraine, the Partnership worked side by side with 67 individual enterprises to revise their corporate documents, restructure their corporate organization, organize shareholders' meetings, and hold orientation sessions for the board of directors. The companies already attracted US\$5 million in investment, with another US\$20 million under negotiations. In addition to customized company-level consultations, the Partnership has trained representatives from about 13 percent of Ukraine's active corporations and provided more than 5,000 consultations to companies and government officials.

To ensure that future managers and lawyers understand the importance of good corporate governance and have the skills to practice it, the

Partnership trained more than 300 professors and introduced corporate governance topics into the curriculum of 23 universities across Ukraine, schools that now teach 3,500 students a year about corporate governance. The Partnership also designed and introduced corporate governance courses at the Law School of Yerevan State University in Armenia.

On the national level the Partnership worked with Armenian government officials and lawmakers to draft the Law on Joint Stock Companies and the Law on Limited Liability Companies, both of which passed in the fall of 2001. The Partnership advised Russia's Federal Commission on the Securities Market in developing the Code of Corporate Conduct, adopted in April 2002. In Ukraine the Partnership has contributed to six pieces of legislation regulating a number of corporate matters from issuing securities to holding a general shareholders' meeting.

Improving Support Services and Business Environment for SMEs

To build an environment conducive to the growth of SMEs, the Partnership develops local business support services and works directly with national governments to improve policies and legislation affecting the SME sector.

To help improve SME access to professional business support services in Uzbekistan, the Partnership organized a pilot training program for Uzbek consultants (*Switzerland, seco*). In September 2001, a group of seven Uzbek



Transparent Practices Revive a Business on the Brink of Bankruptcy

Trucking enterprise #2005, based in Kharkiv in eastern Ukraine, was privatized in 1997. The manager of the company ignored basic corporate governance requirements. Not a single shareholders' meeting was held in the first two years. The enterprise's management was under investigation for stealing from the enterprise. By 1999 employees had not been paid for months, and the enterprise was on the verge of bankruptcy.

It was at this point that Alexander Khruchyov, the enterprise's chief engineer, came to IFC's Corporate Governance Project in Ukraine (Canada and Japan, the Netherlands, the United Kingdom-TATF Program). He needed help in organizing a first shareholders' meeting and drafting the company's corporate documents. At the meeting, despite fierce opposition from management, Mr. Khruchyov presented his program for revitalizing the enterprise and nominated himself to the company's board. The shareholders elected Mr. Khruchyov by an overwhelming majority and adopted the new charter and by-laws.

In early 2000, Mr. Khruchyov began to turn things around. In consultation with IFC, Mr. Khruchyov set up new management boards, introduced new services, and restructured the company, selling idle assets and setting up a subsidiary enterprise. As a result, during 2001 the enterprise resumed the payment of salaries, almost completely eliminated its wage arrears, and grew its business.

consultants participated in a three-week in-class and hands-on internship within the Ukraine Consulting Network—11 self-sustaining companies established and mentored by IFC (*United Kingdom, United States*). The consultants improved their technical skills in market research and marketing, financial analysis, and modern business-plan writing. Uzbek consultants also learned from their Ukrainian counterparts how to manage a consulting business more effectively, build and maintain client relationships, create more effective client proposals and contracts, and promote their services through public relations campaigns. A second group of Uzbek consultants will participate in a similar program in mid-2002.

In March 2002 the Partnership, in cooperation with the World Bank Group's SME Department, began developing a pilot Internet portal to improve SME access to financing and business support services (*Norway-TATF Program*). The portal will link SMEs to banks, leasing companies, and investment firms and offer on-line applications for credit. To help SMEs improve the quality of their loan applications, the portal will offer interactive learning tools for enterprises to conduct basic financial self-assessments and online resources to strengthen their management and financial skills. Additionally, the portal will link SMEs to local business service providers, such as consulting firms and management training companies.

IFC has conducted annual surveys of SMEs in Ukraine since 1996 (*Norway-TATF Program*). These surveys have proven to be a successful tool in influencing SME policies. The Partnership widely

publicizes the findings of the surveys and relies on them in its work with the government officials and lawmakers to help remove the barriers to SME development. IFC has contributed to introducing or amending 26 pieces of legislation that helped reduce the number of government inspections of SMEs from an average of 76 a year to 14 and the number of business activities requiring licensing from more than 100 to 64. Drawing on its experience in Ukraine, in March 2002 the Partnership launched an SME survey in Uzbekistan. *Switzerland (seco)*

In Belarus, the Partnership works with 18 business associations to build their capacity to provide quality information and consulting services to SMEs. The Partnership's SME Development project in Belarus has trained and advised these business associations on a range of modern business support services, from developing business plans to using public relations techniques in product marketing (*United States*). The Partnership has helped the associations provide their business support services on a sustainable, fee-for-service basis. In addition, the Partnership works with Belarus business associations to help them become more effective advocates for SMEs by helping organize advocacy and media campaigns and by building their legal skills. Since IFC began working with Belarusian business associations, their membership base has increased by 60 percent, from 10,600 to 17,100 members, and their client base has doubled, from 6,950 to 14,000 clients. Increasing membership and service fees ensure the associations' sustainable growth.



Central Asia

CENTRAL ASIA LEASING DEVELOPMENT PROJECT. The Partnership draws on its leasing development program in Russia to build competitive leasing industries in the Kyrgyz Republic, Tajikistan, and Uzbekistan in order to increase financing options available to local businesses. The project provides training for leasing companies, banks, and potential leasing clients on the fundamentals of leasing operations and on conducting financial and risk analysis when making investment decisions. In addition, the project works with national governments to improve the legal framework for leasing operations. *Switzerland*

Tajikistan

FARMER OWNERSHIP MODEL. The goal of the project is to reduce poverty among cotton farmers in

Tajikistan by improving their production and strengthening their direct links to the market. To achieve this goal the Partnership—in cooperation with IFC's Southern Europe and Central Asia Department and with financing from IFC, Switzerland (seco), and the farmers—has established a private company completely owned by Tajik cotton farmers. The company will supply its member farmers with crop inputs and provide marketing services. The Partnership is providing technical assistance to the company on its daily operations and training farmers in modern production practices to improve yields and quality of cotton and to diversify their crop base. *Switzerland*

Uzbekistan

SME SURVEY. To identify key impediments to business development at both the company and country level, the Partnership is conducting a comprehensive national study of the

SME sector in Uzbekistan. The Partnership will draw on the results of the survey to work with the government to improve regulatory, administrative, and economic policies affecting the SME sector. This survey is based on the methodology developed in Ukraine, where the annual SME survey has proved to be an effective instrument in improving the regulatory and administrative environment for SMEs. *Switzerland*

SME CONSULTANTS' TRAINING. To improve SMEs' access to professional business support services in Uzbekistan, the Partnership organizes training programs for Uzbek consultants to improve their consulting skills and expand their range of services on a sustainable commercial basis. These training programs include hands-on internships within the Ukraine Consulting Network—11 sustainable companies established and mentored by IFC throughout Ukraine. *Switzerland*



Russia

NORTHWEST RUSSIA LEASING PROJECT. The Partnership opened a regional office in St. Petersburg to intensify its leasing development work in northwest Russia. The project will also build links between Russian leasing companies and Finnish exporters. *Finland*

MEDIUM-SIZE BANK RE-ENGINEERING PROGRAM. To strengthen the banking sector in Russia, IFC combines investment with customized technical assistance programs. The Partnership works with medium-sized banks to help them restructure their organization and operations, improve their procedures and policies, enhance their information management systems, and expand their lending practices to SMEs. Currently, the Partnership is implementing the following projects in the banking sector:

- **NBD BANK RE-ENGINEERING PROGRAM.** This program complements IFC's US\$2.5 million loan to NBD, a Nizhny Novgorod-based bank, and aims to improve the bank's internal audit function and the use of management information systems. *Norway-TATF Program*
- **CENTER-INVEST RE-ENGINEERING PROGRAM.** This program complements IFC's US\$2 million loan to Center-Invest, a bank in Rostov-on-Don, and aims to strengthen the bank's management and operations, particularly in such areas as corporate organization, internal audit, and asset liability management practices. *Norway-TATF Program*

DEVELOPMENT OF AUTOMOTIVE COMPONENT SUPPLIERS PROJECT. The Partnership is working with selected Russian manufacturers of automotive components to improve their manufacturing processes, product quality, and management practices to help these companies become suppliers to foreign auto producers. The project is also assisting foreign

component producers to establish production in Russia. The initial phase of this project complements an approved IFC US\$100 million loan to Ford Motor Company's assembly plant outside St. Petersburg. *USTDA-TATF Program*

PROJECT FOR DEVELOPMENT OF THE FURNITURE MANUFACTURING SECTOR. To introduce environmentally efficient production technologies into Russia's furniture manufacturing sector and to lay the groundwork for increased investment in the sector, IFC is partnering with IKEA, a Swedish home furnishings retailer, to upgrade the management practices and production technologies of Russian furniture makers. In the project's pilot phase, the Partnership is working with selected Russian IKEA suppliers to demonstrate the profitability of investing in energy-efficient technologies and to help them develop and market new products manufactured from waste wood. Together with IKEA, the Partnership is developing a financing mechanism to fund IKEA's suppliers and other furniture makers. *Norway and IFC TA Allocation-TATF Program*



BUSINESS DEVELOPMENT IN RUSSIA'S FAR EAST. To promote business development in Russia's Far East, the Partnership is working with SMEs to help them become suppliers to the mining industry, starting with the Bema Gold / IFC investment in the Julietta mine in Magadan. The program also works with the private sector and government officials to improve the business enabling environment in the Magadan region. *Canada*

STUDY OF INVESTMENT OPPORTUNITIES IN THE PRIVATE EDUCATION SECTOR. To promote increased investment in the private education sector, the Partnership is conducting a survey to profile educational institutions for potential IFC and private investment. The survey will also identify specific areas in which technical assistance can contribute significantly to the development of the sector. *Sweden-TATF Program*

TECHNICAL CAPACITY BUILDING FOR DMITROV POTATO AND DAIRY FARMERS. This project works with Russian farms to increase the production and quality levels of their milk and potatoes through modern technologies and proper crop rotation methods. The project is implemented in partnership with a Canadian-

Russian joint venture that produces and will supply the farms with high-grade, virus-free seed potatoes. This partnership with the joint venture will enable Russian farms to improve production and become suppliers to major food processors. *Canada-TATF Program*

Ukraine

CORPORATE DEVELOPMENT PROJECT. Building on its Corporate Governance Project in Ukraine, the Partnership expands its advice to local companies to address a broader set of issues that hinder Ukrainian companies seeking outside investment. In addition to corporate governance, the Partnership advises companies on financial management, asset management, and investor strategies to help them become viable businesses able to attract outside investment. This project continues to work with government officials on legislative reform and with educational institutions to improve postsecondary programs on corporate governance. *Canada, Switzerland*

SME FINANCE TOOLKIT. In cooperation with the World Bank Group's SME Department, the Partnership is developing a pilot Internet portal that will provide new resources to help Ukrainian SMEs become

SUCCESS
STORY

Kyrgyz Republic:

Laying the Foundation for the Leasing Sector

Until recently the only forms of financing available to Kyrgyz businesses were bank loans. But with bank collateral requirements of more than 150 percent of the loan amount, bank financing has been out of reach for most start-ups and small companies. SMEs are crucial to the Kyrgyz economy, as they employ about 60 percent of the working population and constitute 36 percent of the gross domestic product. However, severe inaccessibility to capital has constrained their potential growth.

To increase SME access to financing for capital investment, the Partnership's Central Asia Leasing Project is working to build alternative financial markets, such as leasing (*Switzerland, seco*). Leasing is traditionally more accessible to start-ups and small businesses, as it provides access to equipment for a relatively small up-front investment and does not require collateral. To lay the foundation for the growth of the competitive leasing industry in the Kyrgyz Republic, the project worked closely with the National Bank of the Kyrgyz Republic to draft a leasing law. The Kyrgyz Government approved the draft legislation in the fall of 2001 and presented it to Parliament for consideration. On June 13, 2002, the Kyrgyz Parliament adopted the Law on Leasing, incorporating 90 percent of the project's recommendations.

The Partnership's Central Asia Leasing Project has also worked with government officials, lawmakers, and the private sector to develop leasing legislation in Uzbekistan and Tajikistan.



creditworthy businesses and gain access to financing. The portal will offer online interactive learning tools for enterprises to improve their management and finance skills and will link SMEs to local business service providers, such as consulting firms and management training companies, and to financial service providers, such as banks, leasing companies, and investment firms. *Norway and IFC TA Allocation-TATF Program*

SME SURVEY AND SECTORAL ANALYSIS. To monitor the progress and gauge trends in the SME sector's development and identify the main obstacles, IFC has conducted annual surveys of the state of SMEs in Ukraine since 1996. The Partnership draws on the results of the surveys to work with the national government to help remove legal and administrative constraints to SME development. The Partnership is extending the methodology of the SME survey to analyze other sectors that have high growth potential. The survey of other sectors includes both an overview of the regulatory environment and a complete value chain analysis. *Norway-TATF Program*