

Evaluation of PUM Netherlands Senior Experts 2012-2015 Final report

An independent evaluation study commissioned by the Netherlands Ministry of Foreign Affairs

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Table of Contents

1	Introduction.....	1
1.1	Background.....	1
1.2	Evaluation	1
1.3	Organisation of this report	2
2	What is PUM?	4
2.1	PUM Organization	4
2.2	Funding.....	7
2.3	Activities.....	8
2.4	PUM Portfolio.....	10
3	Relevance and additionality	16
3.1	How does PUM guarantee the relevance of the programme?	16
3.2	How does PUM assess the relevance of individual projects?	18
3.3	What kind of information does PUM have to ensure the relevance of individual interventions?.....	19
3.4	What is the existing evidence on the relevance of the subsidised programme in the countries and sectors where PUM was active?.....	20
3.4.1	The relevance of the SME sector	21
3.4.2	Poverty focus	22
3.4.3	Relevance for the supported SMEs.....	23
3.4.4	Relevance for different types of companies and countries,.....	26
3.4.5	Conclusions on relevance	30
3.5	How does PUM ensure the additionality of its projects?	31
3.6	What is the evidence about the additionality of support by PUM experts?	32
3.7	Is there a link between the number of countries and their status (LDC, LMIC, HMIC) and the relevance of the PUM programme? E.g. does a stronger focus on LDCs lead to a more or to a less relevant programme?	37
4	Effectiveness	38
4.1	How does PUM monitor the results of the programme?	38
4.2	Does PUM possess credible evidence of the effectiveness of individual projects and if so, what are the conclusions?	39
4.3	Is it, given available information, possible to give an assessment of the effectiveness of the current geographical and sectoral spread? Would a different spread be more or less effective?	45
4.4	How does the effectiveness of sector specific programmes relate to the effectiveness of the individual interventions?.....	45
4.5	Is it possible to enhance the effectiveness of PUM through a stronger collaboration with other PSD-programmes?	46
4.6	How does the demand system work? Does PUM have the right incentives for ensuring the effectiveness of this system?	47
4.7	To what extent do business link interventions result in economic relations?	48
5	Efficiency	51

5.1	Given available information, is it possible to give an assessment of the efficiency of the management of the programme?.....	51
5.2	Is the current geographical and sectoral spread efficient?.....	53
5.3	Are sector specific programmes more cost-effective than individual interventions?.....	54
6	Forward Looking Questions	55
6.1	Is there scope to strengthen the links between 'aid and trade' in the PUM programme, while maintaining a development focus?	55
6.2	Is it possible to interest Dutch business more in contributing to PUM?	55
6.3	Would a closer collaboration of PUM with other PSD programmes lead to a more cost-effective approach?.....	56
6.4	Is it possible to make better use of information, generated by PUM, for helping to strengthen the business climate in countries where PUM is active?.....	56
7	Conclusions and recommendations	58
7.1	Conclusions	58
7.2	Recommendations.....	60
ANNEXES.....		61
Annex 1:	PUM's portfolio	62
Annex 2:	Evaluation Methodology	66
Annex 3:	Persons Interviewed	75

1 Introduction

1.1 Background

The Foundation Netherlands Senior Experts that executes PUM¹ is a non-profit organization founded in 1978 by the Dutch employers' organization NCW (currently part of VNO-NCW). The aim of PUM is to "promote entrepreneurship and sustainable economic growth in developing countries and emerging markets."² It does so by providing "hands-on advice to small and medium sized enterprises (SMEs) and related organisations that lack knowledge and can't afford commercial consultants"³ in approximately 70 countries. PUM has access to a pool of around 3,000 experienced Dutch senior experts, who all work on a voluntary basis. The mission of PUM is formulated as follows:

"Our senior experts (all volunteers) provide business advice and technical assistance to organisations in developing countries and emerging markets, taking away bottlenecks and facilitating sustainable paths for growth."⁴

From its start, PUM has mainly been funded by the Netherlands Ministry of Foreign Affairs from its development aid budget. Today, more than 90% of the PUM's budget is provided by the Directorate-General for International Cooperation (DGIS), under the Ministry of Foreign Affairs⁵. PUM has been regularly evaluated, most recently in 2011⁶. In that same year the Ministry requested a new evaluation in 2015, following the evaluation protocol (2011) and evaluation plan (2012). This document reports on the results of the current evaluation, which focuses on PUM's activities during the period 2012-2015.

1.2 Evaluation

According to its Terms of Reference (ToR),⁷ the purpose of this evaluation is to assess the:

1. (continuous) relevance of the PUM programme, including its poverty focus as well as its relevance for the "aid and trade" agenda;
2. improvement of PUM's monitoring and evaluation system;
3. adequacy of available management information for monitoring and evaluation purposes, in order to ensure the relevance, efficiency and effectiveness of the programme;
4. effectiveness of the PUM-programme during the period 2012-2015; and
5. efficiency of the management and programme itself.

In line with this purpose, the research questions formulated in the ToR focus on both the management and the processes/procedures of PUM, including its monitoring and evaluation system as well as on the effectiveness of the activities that support the SMEs in PUM's target countries. In addition, the ToR formulate a number (4) of what it calls forward looking questions. The methodology followed in this evaluation is described in the Annex 2 to this report. The evaluation approach is based upon quantitative and qualitative information. The quantitative information is

¹ In Dutch, PUM is an abbreviation of 'Programma Uitzending Managers'. However, since the programme not only works with managers but also with specialists and entrepreneurs, the abbreviation is only used in combination with the addition "Netherlands senior experts". (<https://www.pum.nl/about-us/organisation>)

² "A world of experience" (PUM, undated, downloadable at https://www.pum.nl/sites/default/files/images/website/3814.1025_z-card_eng_6panel_v5.def.pdf)

³ Ibid.

⁴ www.pum.nl

⁵ "Annual report 2014" (PUM, 2015).

⁶ "PUM Netherlands senior experts Evaluatie 2006-2009", Ecorys, 2011

⁷ See "Evaluation Foundation Netherlands Senior Experts (PUM) 2012-2015", Ministry of Foreign Affairs, 28 August 2015.

mainly from PUM’s portfolio data, its monitoring system and from PRIME⁸, the external monitoring and evaluation project, which started about two years ago. The qualitative information is based on interviews with PUM staff, experts and other stakeholders in both the Netherlands and in four case study countries: Colombia, Ghana, Indonesia and Tanzania. In these countries in total 79 beneficiary SMEs were interviewed and 15 Business Support Organisations (BSOs). Table 1.1 presents the distribution by country.

Table 1.1: Number of SMEs and BSOs interviewed in the case study countries

	SMEs	BSOs	Total
Colombia	9	2	11
Ghana	20	4	24
Indonesia	35	9	44
Tanzania	15	0	15
Total	79	15	94

1.3 Organisation of this report

After this introduction the document continues with a brief description of PUM and its activities. The details of the PUM portfolio during the evaluation period 2012-2015 are presented in Annex 1 of this document.

The evaluation results are presented following the evaluation questions formulated in the ToR for this study and organised by evaluation criteria: chapter 3: Relevance and Additionality, chapter 4: Effectiveness and chapter 5: Efficiency.

Relevance is defined as “contributing to the Ministry’s policy objectives, solving gaps in knowledge and skills in SMEs in developing countries and thereby contributing to the creation of jobs, especially for poor and vulnerable groups” (ToR). This definition refers to the objectives of the Dutch Ministry of Foreign Affairs as specified in its policy letters: the eradication of extreme poverty, sustainable and inclusive growth across the globe and success for Dutch firms. This implies that the relevance of PUM should also be considered in relation to the Dutch “aid and trade” agenda, as it combines support to SMEs in developing countries with the promotion of trade between these SMEs and Dutch companies, notably through business links. The concept of relevance is being considered in relation to the programme’s theory of change (the logic behind the programme) and the “results chain”, developed to assess the performance of PUM (see Annex 2). **Additionality** refers to “outputs that would not have been achieved in the market without the programme” (ToR). In total there are 7 evaluation questions on relevance and additionality addressed in 7 sub-sections.

The ToR define **Effectiveness** as “a measure of the extent to which an aid activity attains its direct objectives” and distinguishes: immediate outcomes (increase in SME knowledge), intermediate outcomes (changes in business practices), and ultimate outcomes (changes in SME performance). It formulate 8 evaluation questions that are discussed in chapter 4.

Efficiency is a measure that indicates “how economically resources/inputs (funds, expertise, time, etc.) are converted to results” (ToR). When applied to PUM, it is about using “the least costly resources possible in order to achieve the desired outcomes” (ToR), which also includes an assessment of the running costs of PUM. In the present evaluation, efficiency has been assessed at the level of the programme, as recommended by the ToR. Yet, the evaluation questions for this evaluation criterion also consider efficiency in relation to the sector and geographic spread and the composition of the portfolio (sector-specific versus individual projects). This implies that efficiency has been assessed at sub-programme levels such as sector, country and type of intervention. The

⁸ PRIME: Pioneering Real-time Impact Monitoring and Evaluation in small and medium enterprises. The Centre for the Promotion of Imports from Developing Countries (CBI), PUM Netherlands Senior Experts, the Agricultural Economics Research Institute (LEI Wageningen UR) and the Erasmus School of Economics (ESE) have partnered in PRIME to design a credible and real-time system of impact monitoring and evaluation.

section on efficiency includes 4 sub-sections (evaluation questions) on efficiency and cost-effectiveness.

Chapter 6 addresses four **forward-looking questions**. The first is related to the aid-trade connection (section 6.1). The second (section 6.2) focuses on whether the Dutch business community is willing to contribute (more) to the PUM programme. The third forward looking question (section 6.3) is about cost-effectiveness. The question is inspired by IOB's conclusion that PSD programmes are "often implemented in isolation, while recipients often face a broader set of challenges". This section therefore addresses the question "Would a closer collaboration of PUM with other PSD programmes lead to a more cost-effective approach?". The last forward looking question (Section 6.4) follows up on all questions about the quantity and quality of information and data collected by PUM's internal and external monitoring and evaluation system (PRIME).

The document is concluded in Chapter 7 with a summary of the main findings. It also presents some recommendations based upon the main conclusions of this evaluation.

In addition, the Annexes give respectively a detailed description of PUM's portfolio during the evaluation period 2012-2015 and of the evaluation methodology. The findings of the four case studies – Colombia, Ghana, Indonesia and Tanzania – are reported in separate documents.

2 What is PUM?

2.1 PUM Organization

The majority of PUM activities is executed by volunteers. PUM employs around 50 paid staff members. As shown in table 2.1, during the evaluation period the number of paid staff increased from 48 members in 2012 to 50 in 2013 and 52 in 2014 and 2015. The paid staff is supported by approximately 125 staff volunteers. Staff volunteers can be divided into three categories: country coordinators, sector coordinators and staff volunteers. They work one to three days a week for PUM. The staff volunteers are not paid, but do receive allowances for travel and office appliances. PUM experts work on a voluntary basis as well. PUM further collaborates with local representatives, who work on a 'no cure no pay' basis.

Table 2.1: Number of staff and staff volunteers, 2012-2015 (June)⁹

	2012	2013	2014	2015
Staff	48	50	52	52
Volunteer staff	120	126	134	147
- Country coordinators	56	59	61	51*
- Sector coordinators	55	67	69	57

Source: PUM Database, *June 2015

Country coordinators

Country coordinators maintain contacts with the local representatives and are involved in the acquisition of new projects. They select and train the local representatives, maintain the local networks and visit new or closed projects once or twice a year. They further assess project proposals, plan and execute (de-)briefing meetings with the experts who (went) go on missions, and attend (internal and external) meetings and networking events as a representative of PUM. As shown in table 2.1 the number of country coordinators fluctuates between 51 and 61.

Sector coordinators

Sector coordinators are particularly responsible for the maintenance of the pool of experts. Their tasks entail: assessing the abilities of new expert candidates, conducting intake interviews and matching experts with specific assignments. Sector coordinators participate in (de)briefing meetings with experts and in evaluation of projects. Furthermore, they organize meetings with all experts to discuss policy and professional topics. In 2012 there were 55 sector coordinators. The number went up to 69 in 2014 and decreased to 57 in 2015.

Staff volunteers

Staff volunteers assist with the selection projects and intake interviews, assess the quality of experts resumes, are involved in the business link programme, coordinate CSR activities, manage the Hans Bankert Fund, assist the marketing and communication department and coach new staff volunteers. During the evaluation period new functions were created in the areas of recruitment, CSR and monitoring.

⁹ Mid-2015 PUM introduced a new computer software system, which differs much from the system used up to that time. Therefore PUM advised the evaluation team to concentrate on the information generated from the old system. Some data reported in this document in particular data on the portfolio cover the period 2012-June 2015

Experts

PUM works with high-level voluntary experts, all of them having over 30 years of experience in their specific field of expertise. During the evaluation period PUM had access to a pool of approximately 3,000 experts. The expert pool is renewed continuously as each year some experts are deregistered and new experts are admitted. Both access to a wide variety of expertise and the demand of the beneficiaries are of central importance for the selection of experts. If an expert is not sent on a mission for three consecutive years or shows an apparent lack of interest in his/her area of expertise, he/she is deregistered. Experts that have reached a certain age are automatically deregistered (with exceptions). As part of the strategic policy priorities for 2012-2015, it was decided to raise the age from 70 to 72 years, reflecting society-wide developments such as overall higher life expectancies and the raised retirement age. This policy change partly explains the temporarily higher number of 3,378 experts in the PUM expert pool in 2012 compared to 3,220 and 3,110 experts in the successive years (see table 2.2). In case experts have a specific and scarce expertise, they are invited to stay longer. Other strategic priorities for the evaluation period included:

- More active involvement of experts that do not regularly execute projects by engaging them offline (sector meetings) as well as online (forum);
- Development of tools for experts so that they can more easily submit detailed descriptions of their expertise facilitating the matching process;
- Introduction of a project management approach by having the PUM expert providing the beneficiary entrepreneur with a project plan that contains clear implementation guidelines;
- Training of experts to improve their capabilities in the fields of communication, consultation, media approach, sustainable production, languages, etc.;
- Involvement of certain specialised PUM experts in acquisition activities towards potential customers when they are present in the region for a regular PUM mission;
- Active recruitment of Dutch civil servants and policy makers with international experience to become PUM experts;
- Active recruitment of female professionals to become PUM experts.

Many of these actions were implemented successfully. As of 2012, sector coordinators are supported by volunteers with HR-experience in interviewing and selecting (potential) new experts. The potential new experts also have to do a 'self-assessment' on cultural sensitivity, the results of which are discussed during intake interviews. Finally, in 2014 a workshop on advisory skills was introduced both for new experts as well as registered experts. Since the start of 2015 the intake procedure includes a formal assessment of the expert. Focus group discussions with coordinators and experts confirmed that the intake process has improved as a result of these actions. The actions to recruit more female experts, for example by setting up a radio campaign in September 2012, were not as successful as expected, as can be seen in the table below. Main reasons being that women are under-represented in management functions of the Dutch business community, and that sectors in which there is high demand for expertise are dominated by men in the Netherlands, such as Agriculture and Manufacturing.

Table 2.2: Overview of experts, 2012-2015

	2012	2013	2014	2015
Experts in database	3,378	3,220	3,110	2,976
Percentage female experts	8.0%	8.9%	9.2%	9.7%

Source: Annual report to Netherlands Ministry of Foreign Affairs (2012, 2013, 2014, 2015)

Table 2.3 shows that the majority (67%) of experts goes on mission only once per year. Although the overall number of missions declined in 2014, the distribution of missions per expert was not affected.

Only the percentage of experts sent on three missions per year increased slightly from 7.3% in 2012 to 8.3% in 2014.

Table 2.3: Experts by number of missions carried out per year, 2012-2015

	2012		2013		2014		2015*	
	<i>abs.</i>	%	<i>abs.</i>	%	<i>abs.</i>	%	<i>abs.</i>	%
1 mission	900	68.7	897	66.9	861	67.1	613	84.3
2 missions	289	22.1	319	23.8	282	22.0	94	12.9
3 missions	95	7.3	87	6.5	106	8.3	13	1.8
4 or more missions	26	2.0	38	2.8	34	2.7	7	1.0
Total	1,310	100.0	1,341	100.0	1,283	100.0	727	100.0

*Source: PUM database, * preliminary*

Other main policy goals for the 2012-2015 period were:

- Recruitment of staff in knowledge management, business link management and fundraising and relationship management. This has resulted in the appointment of staff and volunteers in these areas;
- Implementation of a new method that measures the effectiveness of projects in a selected number of industries and a selected number of companies. Measurement is done by PUM-experts who have been especially selected and trained for this purpose. Measurement of effectiveness has started as a pilot followed by the assignment of a team of external evaluators in the partnership PRIME;
- Increased usage of digital technology to support core activities, e.g. online advice from PUM-experts to customers, and the digital exchange of knowledge amongst PUM-experts. The relatively old computerized system PRINS has been replaced by a completely new system called PROCUS.

Local representatives

Local representatives are inhabitants of the countries where PUM is active. They maintain contacts with local firms, acquire new projects, help potential beneficiaries with project proposals and guide, if relevant, the visiting experts. Local representatives are compensated with a standard allowance of Euro 400 for each finished mission, half of the allowance is meant for acquisition of the project and the other half for guidance and follow-up. The local representatives receive a similar amount for a business link or training. Table 2.4 shows that the number of local representatives remained more or less the same during the 2012-2014 period, but increased in 2015. The pool of representatives is permanently reviewed with a view to clean the pool for representatives who do not bring in sufficient leads for missions.

Table 2.4: Number of local representatives, 2012-2015

	2012	2013	2014	2015*
Local representatives	233	223	233	294
Country team meetings	13	6	12	10

Source: Annual report to Netherlands Ministry of Foreign Affairs (2012, 2013, 2014, 2015)

The local representatives play an important role in the applications for support from firms and Business Support Organizations (BSOs). With their network and their role in the selection of projects, they have the ability to influence overall relevance and additionality of PUM. In the previous evaluation, the role of local representatives was highlighted and close monitoring was advised. In

reaction, one of the policy goals for 2012-2015 was to improve the quality of local representatives. Concrete steps to be taken in this regard included:

- Support to local representatives by providing them with (online) training manuals and acquisition tools as well as regular country team meetings (CTMs);
- Training for local representatives aiming at improving their assessment of the commitment of entrepreneurs to make the project a success;
- Regular feedback sessions between local representatives and country coordinators aiming at better monitoring of the acquisition activities of local representatives;
- Shorter term (3-year) agreements with new local representatives;
- Additional incentives for local representatives on top of the existing 'no cure no pay'-system.

PUM succeeded in addressing a large number of these issues, for example, through organising several country team meetings with local representatives and country coordinators during the evaluation period (see table 2.4). These meetings were aimed at discussing the policy changes for the period of 2012-2015, such as the integration of CSR practices in PUM activities. Also, the quality of the PUM missions and the role of the local representative in ensuring quality were emphasized. In some country team meetings an 'intake' clinic took place for practicing interview techniques and approach of potential clients. Furthermore, manuals and sector sheets for local representatives were developed and distributed in 2012 and 2013, providing guidelines for the selection of projects. Finally, in 2013 the term 'champion representative' was introduced for local representatives who recruit quality projects. A maximum of 10 local representatives can be selected yearly for this title. The 'champion representatives' are rewarded with a certificate and a one-time amount of Euro 500. The importance of the local representative is recognised by PUM and therefore the performance of them is regularly assessed. In addition, PUM more often starts acquisition of projects with a seminar. Nowadays PUM promotes the contacts between expert and client before the start of a mission in order to detail the requirements of the assignment. Yet, still today, the quality of local representatives seems to be one of the main bottlenecks for PUM's operations. Focus groups with sector- and country coordinators as well as with experts showed that the average quality of local representatives is still regarded insufficient and the incentive scheme not suitable.

2.2 Funding

The majority of PUM's activities is funded by the Ministry of Foreign Affairs (both DGIS-DDE and DGIS-DSO). Just before the inception of the evaluation period, the Ministry of Economic Affairs withdrew its funding, implying a reduction of PUM's budget of €2.5 million per annum. As a consequence, PUM management considers it necessary to search for new sponsors. For the continuity of its activities, PUM aims at attracting new sponsors who, complementary to the programme by the Ministry of Foreign Affairs, would allow PUM to continue its activities at the current level or expand these. Following the guidelines of the Ministry of Finance, the explicit aim from the strategic plan 2012-2015 was to develop new business models to attract 25% of the total budget from other sources¹⁰. Potential funders identified beforehand were:

- (inter)national donors/grant providers;
- Partners in the private/corporate sector;
- Private donors;
- Beneficiaries who contribute to the costs of the missions, for example through introduction of the rule to co-finance follow-up mission; and

¹⁰ The Ministry of Finance asks foundations like PUM to finance at least 25% of their activities by external funds or own capital.

- Local national governments, today six, that (co-)finance PUM missions.

As presented in table 2.5, PUM has succeeded in acquiring funds from other sponsors during the evaluation period, but not at the expected pace.

Table 2.5: Expected and realized percentage of PUM budget of other sponsors than the Ministry of Foreign Affairs and the Ministry of Infrastructure and the Environment, 2012 – 2015

	2012	2013	2014	2015
Expected percentage of other sponsors*	10%	15%	20%	25%
Realized percentage of other sponsors**	0.1%	1.9%	8.7%	9.6%

Source: *Annual report to Netherlands Ministry of Foreign Affairs (2012, 2013, 2014, 2015); ** Annual report (2012, 2013, 2014, 2015))

Partnerships

To achieve its goal to become financially less dependent on one financier, PUM maintains regular dialogues with other stakeholders, such as (new) sponsors and business partners, politicians and media. It further discusses the continuation of partnerships with other organisations that are active in the field of private sector development such as BidNetwork and entering into partnership with other volunteer organisations for example those supported by VNO-NCW (*Ondernemersklankbord* and *Jong Ondernemen*).

PUM hired specific personnel for business development and has also succeeded to diversify its funding base via different partnerships for specific missions. In 2014, a variety of missions were funded by the Ministry of Economic Affairs, the Ministry of the Interior and Kingdom Relations, FNV Mondiaal/CNV international, Argidius Foundation, IFAD, CAIEP and St.-Liberty. The largest additional sponsor is Agridius Foundation, who funded 19 missions in 2013 and 26 in 2014. In total Agridius Foundation represented 0.9% of the funding budget in 2013 and 1.3% of the funding budget in 2014. Other new donors only funded a limited number of missions.

Forming partnerships and mobilizing funds from the business community proved more difficult than expected. The aim was to find one or two firms per sector as a partner. One contract with the bakery ingredients company Zeelandia was signed in 2012, however PUM felt that it was conflicting with its independence. As a result, this contract was terminated in 2014 and it was decided to focus on (inter)national donors/grant providers instead. Funding from recipient firms did increase over the evaluation period in line with the change in the pricing policy towards mission recipients.

2.3 Activities

Missions

Both firms (SMEs) and business supporting organizations (BSOs) in eligible developing countries and emerging markets can apply for a PUM mission. The missions are (usually) executed by a Dutch senior expert and take on average about two weeks. This is excluding the preparation and follow-up. Follow-up missions frequently take place when more in-depth advice is needed. Most missions involve straightforward business and technical advice. Some missions take place in the form of a seminar or a quick scan. At a seminar, multiple firms from a certain sector gather for at least two, at most three days to get advice on a certain theme, e.g. a joint (sector) problem. The expert who organizes the seminar visits the participating firms prior to the seminar to identify common issues (quick scan), and often also after the seminar to provide more in-depth advice. Participants of seminars are usually representatives (owners) of smaller firms.

PUM targets SMEs and BSOs that lack knowledge and are unable to afford commercial consultancy. The first advisory mission is 'free' for the customer (the customer only provides accommodation, meals and transportation to the expert). Initially, a small voluntary contribution was asked for a follow-up mission. Since 2014 a (non-voluntary) contribution of on average €700 is requested from the recipient firm. The exact amount depends on the development status of the country where the follow-up mission takes place as well as on the financial capacity of the firm. Recently a pilot started in Indonesia where recipients commit themselves to two missions and pay the required €700 up-front.

Between 2,000 and 2,200 missions per year were planned during the evaluation period. Funding from the Ministry of Foreign Affairs is based on an expected annual increase in missions. As can be seen in table 2.6 the number of missions remained more or less the same during the evaluation period with between 1,875 and 1,964. In 2014, fewer missions took place than expected. The change in pricing policy most likely explains part of the decline, but in particular the withdrawing of the Ministry of Economic Affairs as funder was important as well. Furthermore, the special programme for missions to vocational organizations, VEHICLE, was phased out. Also, environmental disasters and political unrest forced PUM to (temporarily) downsize its activities in a couple of countries.

Business links

After a SME or BSO has received advice from a PUM expert, further support is possible by means of a follow-up mission, or through the organization of a business link or internship in the Netherlands. Contacts with Dutch businesses with the aim to create trade are called a business link. Examples of trade in this context are import, export, creating a joint venture, buying (second-hand) capital goods, etc. Trainings in the Netherlands are organised as well for one or two representatives of the advised firms, often to familiarize them with the technologies of the Dutch counterpart firm.

The trade promotion objective of the business link programme is in line with the Aid & Trade agenda of the Ministry of Foreign Affairs and as such expanding the business link programme was one of the objectives for the evaluation period. PUM planned to conduct about 200 business links missions a year. As shown in table 2.6, this target was not reached in 2014 and 2015. In 2012 and 2013 the target was met with 220 and 219 business links, respectively.

Table 2.6: Overview of PUM activities 2012-2015

	2012	2013	2014	2015
Countries*	68	73	71	66
Missions	1,875	1,964	1,900	1,829
Business links	220	219	187	119

*) Countries with at least one active mission during that year

Source: Annual reports PUM (2012, 2013, 2014, 2015)

Hans Blankert Fonds

An expert might conclude that the firm he/she is advising would make considerable progress with a small capital injection. In such a case, the expert can apply for a contribution from the Hans Blankert Fonds, PUM's fund for small projects. (According to the PUM's website the average contribution amounts to Euro 2,500.) The fund is usually used for the acquisition of capital goods, e.g. second-hand machines in good condition. The annual overall budget of the Hans Blankert Fund is Euro 250,000. The majority of the Hans Blankert Fonds budget is donated by the Ministry of Foreign Affairs. The past couple of years, increasing amounts are contributed by private funds, for example by the Entrepreneurs Foundation.

2.4 PUM Portfolio

Geographic distribution of activities: continents and countries

The list of countries in which PUM is active complies to a large extent with the OECD/DAC list of developing countries and the PSD/DGGF¹¹ list of countries as specified by the Netherlands Ministry of Foreign Affairs¹². Further criteria for the selection of countries include in practice:

- The possibility of expediently conducting a PUM programme;
- Trade potential for the Netherlands, especially in transition countries;
- Geo-political considerations;
- Possible synergies with local partners in development cooperation;
- Safety of the country.

While the Ministry of Foreign Affairs prefers a greater concentration on a limited number of regions and countries, PUM aims to be active in a large and broad variety of countries, motivated by the following reasons: (i) PUM wants to fulfill the demand in broad areas of expertise, (ii) the demand per country is limited, (iii) PUM wants to have sufficient capacity to respond to opportunities, and (iv) it allows PUM to show flexibility in times of conflict. Internal research of PUM suggests that the programme should operate in about 70 countries in order to be (cost-)efficient.

Next to the 'hard' criteria described above, the country selection is also based on past experiences in the eligible countries. The number of countries in which PUM was active during the evaluation period fluctuated: 68 in 2012, 73 in 2013, 71 in 2014 and 66 in 2015. Most of these countries were on the PSD/DGGF list of partner countries of the Netherlands. It is PUM's aim to not only direct its activities at the capital of each country, but also on rural areas (e.g. cooperatives).

The figure below gives some insight into the geographic distribution of PUM's activities (for the precise counts and percentages see table A1 in Annex 1). The majority of the missions (up to 40%) go to African countries, followed by Asia (around 30%), Latin America (just below 20%) and (southeast) Europe (about 15%). The share of African countries gradually increased, while the share of missions to Asian countries declined somewhat. The share of missions to Latin America experienced a relatively strong increase, while Europe shows the opposite trend.

Changes in geographic distribution are guided by the criteria explained above. At the inception of the evaluation period PUM was active in some countries that were not on the PSD/DGGF list of partner countries of the Netherlands. It was agreed that activities in these countries would either be dismantled or funded from other sources. It was agreed that not more than 15% of PUM activities should be funded with funds from the Ministry of Foreign Affairs in countries not on the country list and that this will gradually be reduced to nil. During the evaluation period, PUM also initiated activities in "new" countries in response to their addition to the country list. Furthermore, the decrease in activities in European countries can be attributed to the withdrawal of funding by the Ministry of Economic Affairs.

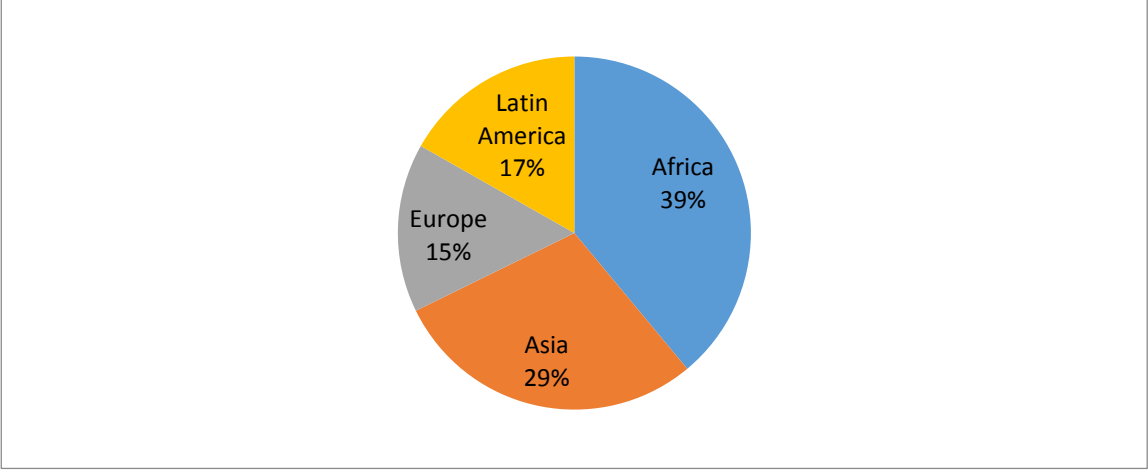
Indonesia, Vietnam and Nepal are the most "visited" Asian countries. Indonesia received more missions than any other country in PUM's portfolio, although the number of missions declined from 149 in 2012 to 117 in 2014. This decrease was related to the presidential election in this year; in 2015 the number of missions to this country increased to 159. Vietnam and Nepal, on the contrary,

¹¹ PSD: Private Sector Development; DGGF: Dutch Good Growth Fund

¹² See for example "*Wat de wereld verdient: Een nieuwe agenda voor hulp, handel en investeringen*", Letter of the Minister for Foreign Trade and Development Cooperation to the Dutch Parliament, The Hague, 5 April 2013.

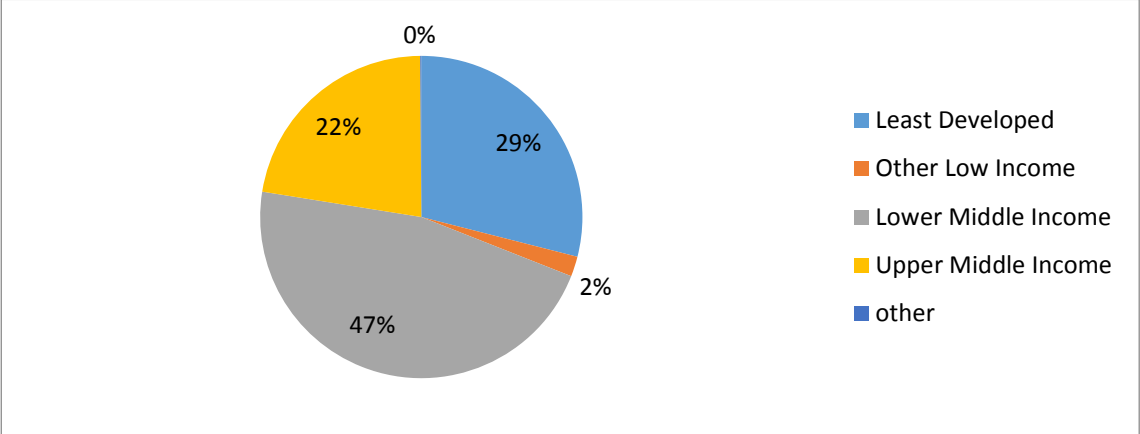
experienced an increase of missions: from 61 to 75 and 43 to 67 respectively. In Africa, the top-4 countries are: Morocco (60-58), Ghana (63-56¹³), South Africa (61-61), and Tanzania (42-56). Bolivia (63-51), Colombia (51-61) and Peru (47-63) are the most important Latin American countries in the programme. The top-3 of European countries is made up of Armenia (47-48), Kosovo (35-34) and Bosnia and Herzegovina (20-31).

Figure 2.1: missions by continent as % of total, 2012-2015 (June)



Between 2012 and 2015, PUM has been most active in lower middle income countries, although its share went down from 50% of the missions in 2012 to 43% in 2014 (see figure 2.2 below, and table A2 in annex 1). PUM was also very active in least developed countries with an increase in share of missions from 24% in 2012 to 33% in 2014. The share of mission to upper middle income countries remained more or less at the same level at between 23% and 24%.

Figure 2.2: Missions by type of country (OESO-DAC categories) as % of total, 2012-2015 (June)



Missions by type of beneficiary

PUM missions are focused on firms and BSOs. During the evaluation period, the majority of the PUM missions – more than 80% – was targeted at individual SMEs (see table A3 in Annex 1). Only 4 of the 5,426 missions to firms are categorized as “missions to big companies”, while 9 missions are listed as “missions to transformation companies”. One of the goals during the evaluation period was to increase the number of missions to female entrepreneurs. In light of this aim, a number of MoUs

¹³ Number of missions in 2012 compared with the number of missions in 2014.

have been signed with several associations of female entrepreneurs. As a result, the percentage of missions to female entrepreneurs increased slightly from 18% in 2012 to 22% in 2014.

The second type of beneficiaries are BSOs, which are organizations that contribute to the creation of an enabling environment for the private sector. In total, PUM realised more than 1,000 missions to Business Support Organisations (BSOs), half of which targeted institutions of vocational education. These missions are (partly) funded by the VEHICLE programme. As this programme was being phased out, the number of missions to these institutions declined substantially from 163 in 2012 to 120 in 2014. Infrastructural organizations and research and/or development organizations were the second and third largest BSO category, however, with far less missions per year (between 30 and 52). In 2013 PUM started a pilot for a third type of beneficiary called "PUM Overheid". This pilot was executed in collaboration with five Dutch ministries and RVO. Embassies can apply for a short mission by an experienced former civil servant in order to provide its local governmental counterpart advice on a certain issue. The Embassies were informed of the pilot at the end of 2013 and the first 5 missions, selected from 27 requests, took place in 2014. Since the Embassies needed more time to get familiarized with the pilot it was extended to 2015.

Sectors and clusters

During the evaluation period, the policy of the Ministry of Foreign Affairs was focused on four broad themes, namely: water (quality and management), food security (from seed to the consumer's plate), security and law and order, and sexual and reproductive health care and rights. Especially the first two themes fit well with PUMs expertise. For all developing (and developed) countries and emerging markets, Dutch international economic policy is aimed at nine top sectors. Within these sectors, the focus is on knowledge development, innovation, export support and economic diplomacy. PUM is a demand-driven organization and its sector focus thus largely depends on mission requests from SMEs and BSOs. Nevertheless, PUM did try to direct activities towards the selected top sectors by instructing country coordinators to select preferred sectors or focus sectors in their respective countries, informing sector coordinators and by selecting new experts in these areas. Also, the degree of poverty and as such possible impact in certain sectors is taken into account when possible.

The overall portfolio of PUM is much broader than the focus sectors formulated by the Ministry of Foreign Affairs. During the evaluation period PUM was active in about 70 sectors (the precise number depends on the definition of sector), which are categorized in 20 'clusters'¹⁴. Table A4 in annex 1 gives an overview of the number of missions to SMEs per cluster. The tables show the very broad coverage of PUM activities over multiple sectors.

Between 2012 and 2015, most missions took place in the 'Tourism & Hotels & Catering' cluster. The number of missions in this cluster increased noteworthy too, from 162 missions in 2012 to 233 missions in 2014. 'Food & Beverages Production' is the second most important cluster for PUM. In the clusters 'Stockbreeding & Fisheries' and 'Business Support & Management' a significant number of missions took place as well. The most notable decline in missions can be observed for the cluster 'Metal Industry'. In 2012, 120 missions took place, which declined to 73 missions in 2014.

Missions by goal

The PUM mission database gives information about the goal of the missions, ranging from technical support and education and training, to support in the area of marketing, general management, export and financial planning. The mission goal 'seminar' is less intuitive, but is by far the least common one. Table A5 in annex 1 shows the number of missions that are associated with each of the mission goals recorded in the PUM mission database. It is important to note that missions can have more than one goal, with two or three goals associated with the same mission being quite common.

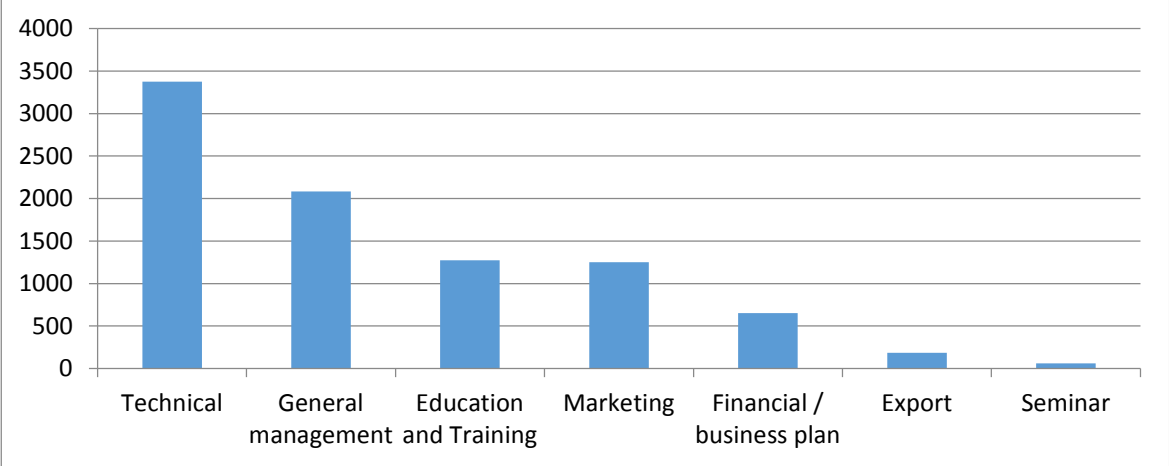
¹⁴ With the transfer to a new ICT system (ProCus) some sectors were combined and a few others were created. From mid-2015 onwards there are 71 sectors.

The most common mission goal during the period of study was technical support, followed by general management. Education and training, and marketing were mission goals with about equal frequencies. Missions that help beneficiaries to develop financial plans and business plans were less common, while export and 'seminar'¹⁵ are rarely identified as mission goals.

Figure 2.3 shows the percentage of missions that are associated with these mission goals. For example a figure of 60% means that 60% of all missions included 'technical support' as mission goal. In many cases these missions also had other goals.

The figure shows that throughout the research period almost two thirds of all missions were associated with technical support, and almost 40% with general management. Education and training, and marketing are both associated with about a quarter of missions throughout 2012-2015, and financial and business planning with a bit over 10%. These shares are relatively stable over time, and apparent changes in 2015 should be interpreted carefully as these data are still preliminary. Possibly the goals 'general management' and 'education and training' show a slightly upward trend.

Figure 2.3: Missions to firms by goals as % of total, 2012-2015 (June)



Source: PUM Database

Corporate social responsibility

Over the evaluation period, PUM has worked on incorporating more corporate social responsibility (CSR) principles in its activities, especially in transferring such principles to the advised firms. PUM focuses on the OECD themes sustainability, environment, labour conditions and safety. In line with this policy, a CSR manual for experts was introduced in 2012. Experts are further asked to keep an eye on unethical operations and a new debriefing form was introduced with questions on CSR. In 2014, a number of experts were trained as CSR coaches. Nowadays, each cluster has a CSR coach who can be consulted by both experts and sector coordinators when dealing with CSR issues. PUM itself introduced a project in 2012 to compensate for its CO² emissions. PUM reports that it operates CO² neutrally from 2015 onwards.

Firm Size

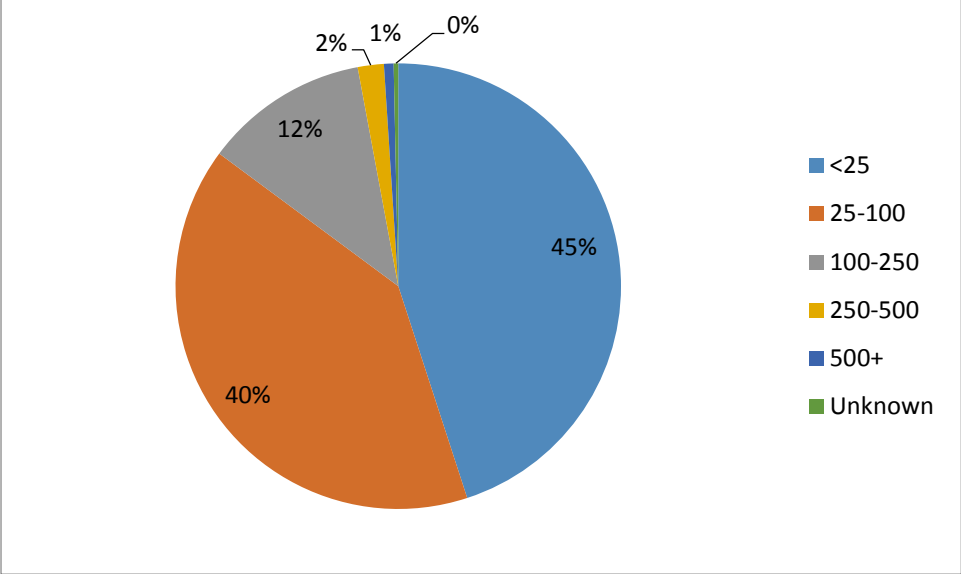
An important selection criterion for PUM beneficiaries is the size of the firm measured in number of employees. PUM focuses its support at small and medium sized enterprises. Depending on the country and sector, this usually relates to firms with between 10 and 250 employees. In case it is expected that support to a larger company would result in large employment effects, the management of PUM can decide to support a larger firm. The Annex (table A6) and figure 2.4 give an

¹⁵ Transfer of knowledge to more than one company during a mission is often labelled as 'seminar'; this is often combined with individual support to the participants.

overview of the number of missions by the size of beneficiaries. These figures only include firms, since employee counts and sector may have a different meaning when applied to BSOs or government institutions.

The data shows that the majority of PUM’s clients is small in size, with 45% having less than 25 employees and 85% having up to 100 employees. While the group of companies with 100 to 500 employees is still substantial (approximately 14%) the number of companies above 500 employees is insignificant (about 1%). The distribution of missions by firm size is relatively stable throughout the period of study, possibly with a slight shift towards smaller firms.

Figure 2.4: Mission by firm size (# of employees) as percentage of total, 2012-2015 (June)



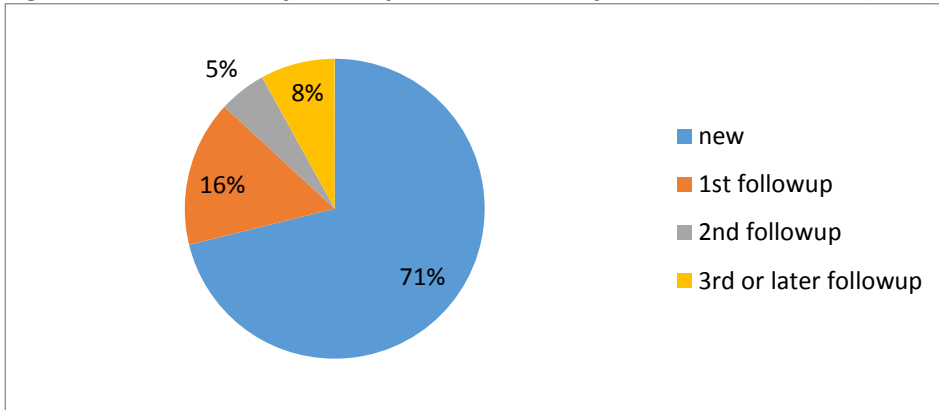
Source: PUM Database

Follow-up missions

PUM beneficiaries are allowed to apply for follow-up missions after the (successful) completion of earlier missions. As shown in figure 2.5 and table A7 in annex 1, such follow-up missions make up a substantial share of the PUM portfolio. The majority of missions are aimed at new beneficiaries, who have not received a PUM mission before. But throughout the evaluation period a substantial number of missions are follow-up missions to beneficiaries who have participated in PUM before. The share of follow-up missions started at 31.3% in 2012, but dropped to about a quarter in later years. The decline is related to the introduction of a contribution by the beneficiary to the costs of the follow-up mission. Most follow-up missions are the first follow-up visit, but 2nd, 3rd, and later follow-up missions also occur frequently.

Missions to BSOs and missions to SMEs differ strongly in their share of new versus follow-up missions. While well over half of BSO missions are follow-up missions, missions to firms are much less likely to be follow-up missions. Moreover for missions to firms a clear downward trend is visible in the share of follow-up missions related to the introduction of the co-finance by the beneficiary.

Figure 2.5: New versus follow-up missions as % of the total, 2012-2015 (June)



Source: PUM Database

3 Relevance and additionality

3.1 How does PUM guarantee the relevance of the programme?

PUM's primary objective is to reduce gaps in knowledge and skills in SMEs in developing and transition countries. As such PUM intends to contribute to sustainable and inclusive growth and the creation of jobs with a view to eradicate poverty. As a secondary objective, PUM aims to promote trade and investment relations between supported SMEs and Dutch businesses, mainly through Business Links. Although this combination of objectives fits well with the current 'Aid and Trade' agenda of the Netherlands government¹⁶, it must be realised that PUM focuses on aid rather than trade. In Chapter 6 we will discuss whether it is feasible and desirable to put more emphasis on trade without compromising the programme's relevance for the provision of aid. PUM attempts to ensure the relevance of the programme by applying criteria regarding the selection of countries, regions within countries, sectors and beneficiaries (firms, BSOs).

Selection of countries and regions within countries

PUM's list of targeted countries is regularly updated and follows with some exceptions the list of the PSD/DGGF partner countries of the Ministry of Foreign Affairs. The choice of these partner countries is motivated in several policy documents of the Ministry and is based on indicators such as poverty, level of income, need for knowledge and expertise available in the Netherlands, etc. PUM's country selection during the evaluation period was largely based on the PSD/DGGF country list determined in 2013¹⁷. In the discussions between PUM and the Ministry it has been agreed that activities in countries that are *not* on this list will gradually be reduced. It is allowed that PUM continues presence in non-listed countries with funds from other sources. The last revision of PUM's country list implied that the countries in Eastern Europe (mostly upper middle income countries) were taken from it because they no longer qualified, given their income levels. Apart from the country list, PUM uses several other criteria for the selection of countries: the concentration of SMEs, the World Bank's ease of doing business index, a safe and secure environment for PUM volunteers and expert, information of local chambers of commerce, branche organisations and previous experiences with candidate countries. Security issues sometimes urge PUM to temporarily stop activities in (fragile) countries such as in Burkina Faso, after the recent terrorist attack (2016).

PUM also tries to secure the programme's relevance by selecting eligible regions within countries. From time to time PUM reconsiders the regions that qualify for support. For example, it was decided to work no longer with local representatives in Jakarta (Indonesia), Bangkok (Thailand) and Manila (Philippines), because these country capitals are considered "too developed" for aid from PUM.

The regional distribution of PUM missions within countries is strongly dependent on the geographic distribution of local representatives. Although PUM is a demand driven organisation and therefore potential beneficiaries are expected to take the initiative for missions, the local representatives play a prominent role in the generation of this demand. They identify potential 'clients' and help them to formulate a request for support, which in most cases is rewarded. Regional income levels do not play a role in this demand. Local representatives tend to acquire missions to beneficiaries that are located relatively close to their residence. There are some exceptions though: during the visit of the evaluation team to Colombia, it became clear that the local representative in Bogotá was actively promoting support to rural SMEs, rather than SMEs located in urban areas. In contrast, in Indonesia a certain bias can be observed towards the more developed regions in the country. Local

¹⁶ See "*Wat de wereld verdient: Een nieuwe agenda voor hulp, handel en investeringen*", Letter of the Minister for Foreign Trade and Development Cooperation to Parliament, The Hague, 5 April 2013.

¹⁷ See footnote 14. The list was revised in the letter of the Minister to Parliament of 19 February 2016.

representatives are selected carefully, taking into account the potential for PUM support of the regions in which they operate. Apart from these exceptions there are no indications that in the selection process of local representatives the income position of the country or the region in the country did play an important role. Discussions with PUM staff revealed that selection of regions and therefore of local representatives is mainly guided by the presence of potential client SMEs.

Selection of sectors

PUM works with annual country action plans that specify the sectors to be targeted. As much as possible PUM follows the sectors prioritized by the Ministry of Foreign Affairs in the context of its aid policies. As a result of this policy, PUM experts are active in (semi-)public sectors such as the water and health sectors in for example Indonesia, or in sectors relevant for food security (agriculture and horticulture), but also in sectors that are not listed by the Ministry as priority. It should be realised that PUM support is in principle demand driven and that therefore “client” demand for support determines to a large degree the sector distribution of PUM’s activities. For that reason, PUM also supports SMEs in sectors that do not belong to the priority sectors of the Netherlands government, as long as they are expected to contribute to employment and growth. Sector and country coordinators, who are in the end responsible for selecting eligible companies, are immediately informed about changes in the sectoral focus. Country coordinators are expected to convey this information to local representatives, notably during their bi-annual country visits.

Beneficiaries

Statistics ¹⁸show that worldwide SMEs are vital for production and particularly employment. This is also true for the countries targeted by PUM. As an illustration table 3.1 presents the shares of micro, small and medium sized companies in a selection of Asian economies (measured by the number of units, jobs and GDP). Shares in GDP vary from 26% in Malaysia – a more developed country – to 60% in China and 76.6% in Cambodia. Shares in employment are even higher, up to 99% in both Indonesia and Cambodia. These percentages confirm that policies oriented towards micro, small and medium sized companies – such as PUM – can play an extremely important role in employment generation and therefore in poverty reduction, thus contributing to achieving goals of the Netherlands’ aid agenda.

Table 3.1: Micro, small and medium sized companies in some Asian countries, % of total

	China	India	Indonesia	Malaysia	Philippines	Thailand	Vietnam	Pakistan	Cambodia
No. of units	99.7	95.0	99.9	94.4	99.6	98.0	96.8	n.a.	n.a.
Employment	74.0	80.0	99.0	40.4	69.1	55.8	96.8	90.0	99.0
GDP	60.0	40.0	58.2	26.0	32.0	47.0	39.0	40.0	76.7

Note: n.a. =data not available
 Sources: Goh (2007), ADB (2009), UN-ESCAP (2009), Tambunan (2009b).

In practice, PUM focuses mainly on companies with between 10 and 250 employees and with a turnover of less than €10 million. Smaller companies are not eligible for single-company missions (in view of efficiency and effectiveness, e.g. the impact on job creation), but are occasionally advised by PUM through BSOs, seminars and/or multi-company missions (quick scans). In view of the high share of micro companies in developing economies, these alternative modalities – often labelled as sector or group approach – are crucial for securing PUM’s relevance. Lowering the minimum threshold for single-company missions is another way to reach smaller companies, but such a decision is regarded less desirable from an efficiency point of view.

¹⁸ See for example: “Small and Medium Enterprises Across the Globe”, Ayyagari, Meghana., Thorsten Beck, and Asli Demirgüç-Kunt, World Bank Policy Research Working Paper 3127, August 2003, Washington D.C.

Trade and investment relations with the Netherlands

As explained above aid is PUM's primary objective. Therefore potential trade opportunities are not taken explicitly into account in the selection of countries, sectors or companies. Nevertheless, with its Business Links programme PUM facilitates beneficiary companies with establishing relationships with the Netherlands' business community. The experts and local representatives who are informed best about the ambitions of the supported companies are instrumental in the selection of the companies that qualify for this special Business Links programme.

3.2 How does PUM assess the relevance of individual projects?

Whereas the local representatives play a prominent role in the selection of companies, the final decision for support is taken in PUM's headquarters. The country coordinators who are located in The Hague instruct the local representative about the acceptance criteria. During the bi-annual country meetings, these instructions are fine-tuned and the local experiences are shared among the local representatives, including their opinions about the relevance of the programme given the country context. This procedure intends to create common understanding about the relevance of requests for support.

PUM assesses the relevance of individual projects by checking if beneficiaries meet a number of criteria:

- the company has to be privately owned;
- local ownership of the company should be at least 50%;
- the company needs to be operational for at least two years;
- the company has between 10 and 250 employees;
- both the annual turnover and the balance sheet total should not exceed € 10 million;
- the owner/entrepreneur must show commitment to be fully involved during the entire PUM project; and
- the company is not involved in child labour or forced labour.

Further, the problem(s) for which the PUM expert is invited should be clearly formulated, as well as the expertise needed. The applications for support are screened in PUM headquarters by the country coordinator (country knowledge) and the sector coordinator on substantive knowledge applying these criteria. Together they decide on which expert meets the requirements formulated in the application best. In order to apply the criteria consistently, all applications are finally checked by the department ANAMON¹⁹. Some of the criteria can be checked easily, such as ownership and annual turnover. Often the mere fact that an application is submitted is accepted as commitment from the owner/entrepreneur and his/her willingness to accept and implement the changes advised by the PUM expert.

After approval and selection of the expert his/her profile is communicated with the applicant and the selected expert is briefed on the basis of the information available from the application. Sporadically the expert approaches the potential beneficiary for more information before the application is formally approved, although this is not allowed by the PUM organisation. After approval, the selected expert is briefed by the country and sector coordinator and he/she usually approaches the SME to fine-tune the assignment. The approval process should secure the relevance of the individual intervention.

Only a limited number of applications is rejected (less than 5%) because the requests do not meet the criteria, indicating that the local representatives are informed well about the criteria applied. Much less applications are rejected because the expertise asked for is not available within the pool of PUM experts.

¹⁹ Department: Analysis and Monitoring (in Dutch: Analyse en Monitoring)

In a small number of cases, PUM accepted the request for support even if one or more of the criteria were not met. Examples are support to publicly-owned water companies or companies that were in a process of privatization. The criterion on the age of the company was waived as well when a 'start-up' firm with good prospects needed support. These exceptional cases were all discussed with the management.

Although the criteria seem straightforward they are not always sufficient. For example, from the interviews it appeared that at least two beneficiaries in Indonesia own more companies than the supported one and were quite capable to finance the needed advisory services from their own pockets. Also in Ghana we identified at least two firms with relatively wealthy owners. Assuming our sample to be representative for the population of all PUM missions, it is advisable to consider the application of additional criteria regarding the financial strength of the applicant company owner.

3.3 What kind of information does PUM have to ensure the relevance of individual interventions?

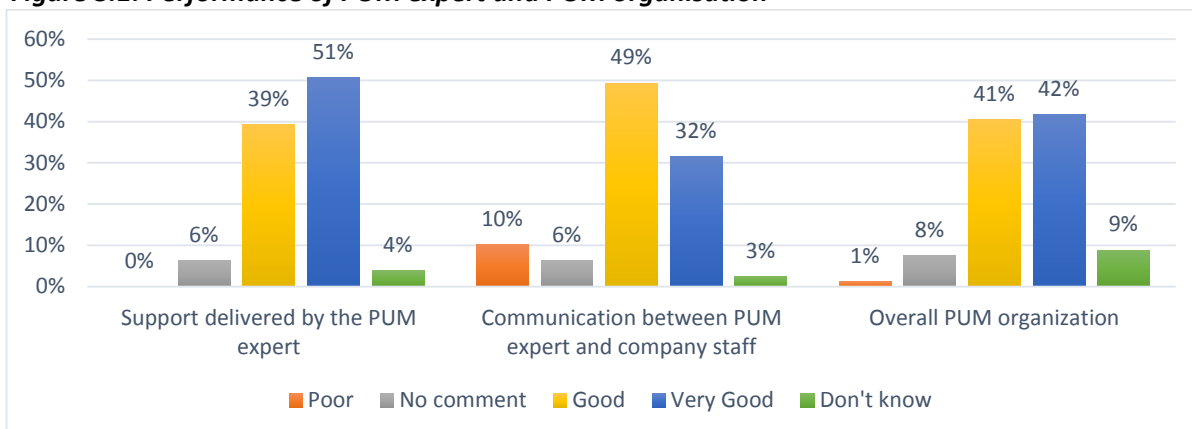
Ex ante, the main source of information for individual interventions is the application prepared by the SMEs with support of the local representative. In addition to the description of the problems to be addressed during the field visit of the PUM expert they also provide more general information about the SME, such as turnover for a couple of years, number of employees, type of output and sector, etc. This information is checked against the criteria described above. For follow-up missions, first mission experts share their experiences during the mission with the country coordinator and they report about it in the de-briefing sessions and papers.

Interviews with the country and sector coordinators and with the experts reveal that in the large majority of cases the information was sufficient to determine the need of the beneficiary and to select the adequate expertise from the expert database for tackling the issues identified. In case of doubt the local representative was consulted and sometimes asked to clarify the request further. Interviewed experts reported that in exceptional cases upon arrival the problems to be addressed were different from what was presented in the application requiring improvisation of the expert, which indicates that for these exceptional cases the information was not always as adequate as required.

The majority of the SMEs interviewed during the evaluation confirmed that the selected experts were capable to address the problems mentioned in the application. Figure 3.1 gives an indication to what extent the support of the PUM expert contributed to addressing the problems of the SMEs. About 90% of the interviewed firms qualified the support provided by the PUM expert as good to very good. A number of interviewees (13 of the 79 SMEs interviewed) reported that there were problems in communication, mostly related to language problems in Indonesia and Colombia. Nevertheless over 80% of the interviewed SMEs rated the inputs of PUM as good to very good, answering to the problems they face, which indicates that the assessment of the relevance of the individual intervention on the basis of the ex ante information was done well.

In order to learn from current practices and to avoid discrepancies between the problems mentioned in the application and the actual issues facing the recipient, PUM has set up an internal monitoring system with a view to continuously check the relevance (and effectiveness) of its interventions ex post. The information collected during the application phase is stored in a data base allowing PUM to analyse its activities taking into account the main characteristics of the beneficiaries, such as by country and development status of the country, turnover and number of employees of the company, etc.

Figure 3.1: Performance of PUM expert and PUM organisation



Source: interviews with 79 SMEs in Colombia, Ghana Indonesia and Tanzania

Further there are de-briefing sessions with the experts and both, the experts and the beneficiaries, are asked to report on paper about their experiences during the visits of the experts. This generates a wealth of information on the basis of which the selection criteria and assessment procedures can be refined if relevant. The impression from the analysis of the reports from experts and beneficiaries is, however, that the experts more often report about logistic issues (difficulties) rather than on content related topics, and that the beneficiaries usually give positive reactions. Another problem is that this information from the de-briefing notes is of a qualitative nature and therefore not easy usable for analytical exercises. As in the case of the ex-ante assessment of the requests the focus is in particular on to what extent the gaps in knowledge and practices have been addressed rather than also report on long-term effects.

In reaction to discussions about improving the evaluation practices for private sector development programmes with and within the Ministry of Foreign Affairs, a consortium of PUM, the Centre for the Promotion of Imports from developing countries (CBI), and an external team of Erasmus University Rotterdam and the University of Wageningen has been created to implement the so-called PRIME programme, which runs during the 2013-2018 period. PRIME is a monitoring and evaluation instrument, which follows annual cohorts of PUM beneficiaries with a view to estimate the effects and impacts of the PUM support. Since PRIME is executed in cooperation with external evaluators it is independent from PUM itself, which is an advantage. The disadvantage of this approach is that it adds an additional layer of bureaucratic procedures as perceived by the PUM experts and the beneficiaries. On top of PUM's in-house monitoring system it requires extra inputs from PUM experts and beneficiaries. PUM intends to integrate PRIME in its in-house monitoring system when it proves to be valuable and feasible. More than the data collected through PUM's internal monitoring system the PRIME data allows analytical exercises. In combination, the internal monitoring system of PUM and PRIME should deliver sufficient inputs to ensure the relevance of the individual interventions of PUM.

3.4 What is the existing evidence on the relevance of the subsidised programme in the countries and sectors where PUM was active?

At the programme level the concept of relevance should be seen in relation to the programme's theory of change (the logic behind the programme) and the "results chain" we developed to assess the performance of PUM (see Annex 2). This shows that PUM's primary focus is on solving gaps in knowledge and practices in SMEs and BSOs, with a clear focus on poverty reduction in developing countries. Here we discuss the relevance of PUM for the SME sector, the countries in which PUM is active and its relevance in addressing the gaps in knowledge and practices in the supported

companies and BSOs. Information is from the PUM internal database, PRIME, and data collected during the field visits to the four case study countries.

3.4.1 The relevance of the SME sector

Several studies show that SMEs in countries where PUM is active are confronted with serious difficulties that constrain their performances. Already in 2004, the OECD presented at its 2nd conference of ministers responsible for small and medium-sized enterprises a paper in which it, among others, recommended to “strengthen SME capacities to improve their competitiveness in domestic, regional and global markets”²⁰. For Ghana, Asare²¹ presents an overview of the following “challenges for SMEs” in this country: “lack of credit facility for small and medium enterprises, inadequate infrastructure, low managerial skills, low technological levels/upgrading, weak institutional and regulatory framework and globalization”. Biro Pusat Statistik (BPS) in Indonesia has questioned micro, small and medium companies about the main obstacles they experience. Table 3.2 summarizes the results of this questionnaire by main PUM region in the country. In total over 2 million micro, small, and medium sized companies of the 2.7 million respondents mentioned that they experience serious problems. Although the country context may vary, similar problems are mentioned for the other case study countries: Colombia and Tanzania.

Table 3.2: Constraints facing micro, small and medium companies, by PUM region in Indonesia

	Sumatera	Java & Kalimantan	Eastern Indonesia	Total
Lack and/or high prices of raw materials	23%	24%	18%	23%
Marketing	22%	24%	21%	23%
Lack of capital	42%	35%	45%	38%
Transportation / distribution	2%	1%	3%	2%
High prices and/or high prices of energy	1%	1%	2%	2%
High cost of and/or lack of skilled workers	3%	5%	4%	4%
other	6%	10%	6%	9%

Most of these problems are related to external obstacles, and belong as such not directly to the domain of the PUM programme. However, PUM experts assist to deal indirectly with these external problems. For example, they have advised on logistical issues establishing more efficient transport and distribution systems for the supported SMEs in Indonesia and Colombia. In other cases they have advised on human resource management addressing the issue of worker skills. In Indonesia the owner of the supported SME, which tries to raise its exports to Europe, followed the advice of the PUM expert sending his employees to English training courses. Access to finance is a critical issue for many SMEs. Although PUM experts may assist companies with getting access to funds, this is clearly not the main goal of the programme. PUM aims to transfer knowledge and skills to entrepreneurs and employees, thus enabling firms to gain easier access to credit.

In conclusion, the support provided by PUM to the SME sector is relevant. First, because the SME sector is extremely important for employment generation and therefore in containing poverty. Secondly, a large number of SMEs in the target countries face problems, and the advices of the PUM

²⁰ *Promoting Entrepreneurship and Innovative SMEs in a Global Economy: Towards a more responsible and Inclusive globalisation*, OECD, 2nd conference of ministers responsible for small and medium-sized enterprises (SMEs), Istanbul, Turkey, 3-5 June 2004

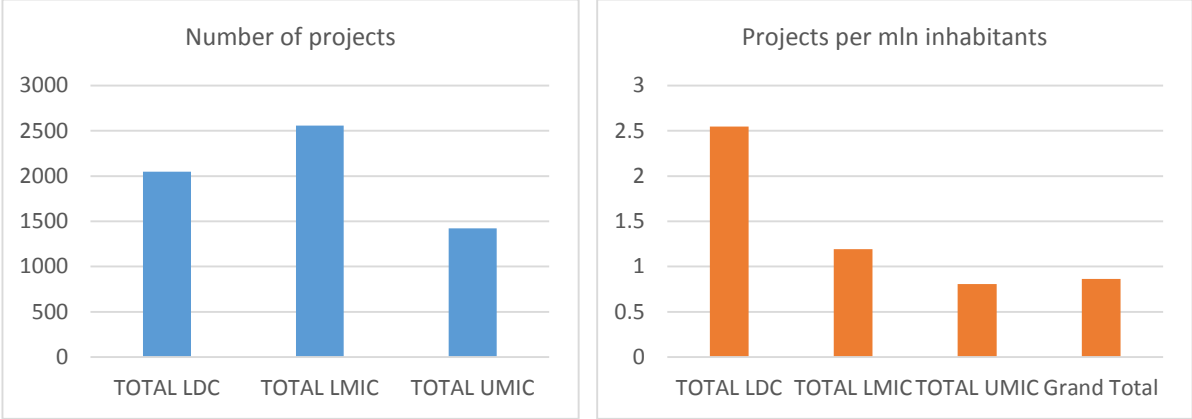
²¹ *Challenges affecting SME’s in Ghana*, Andy Ohemeng Asare, 2014, School of Management and Economics, University of Electronic Science and Technology of China, Chengdu, China.

experts are most valuable to cope with the specific problems they face. The relevance of the programme could increase if it would also pay more attention to the huge numbers of micro companies in the group of countries PUM is serving. It should therefore be considered whether it is feasible to also support this category of companies, that after all generate most of the employment and that are confronted with similar problems as the SMEs with more than 10 employees.

3.4.2 Poverty focus

The relevance of PUM may be assessed by analysing the degree to which the programme is able to generate missions to the least developed countries and regions, notably in view of the ultimate objective of reducing (extreme) poverty. In absolute numbers, most missions of PUM targeted companies in lower middle income countries (LMICs). Nevertheless, the share of LDCs in the total portfolio is substantial, with about one third of all missions (see figure 3.2). Another indicator for the programme’s poverty focus is the number of projects per 1 million inhabitants²². It gives an indication of how relevant PUM has been in contributing to the ultimate objective of reducing poverty in a particular country. Using this indicator, we can conclude that PUM made a more substantial contribution to the least developed countries, with around 2.5 projects per 1 million inhabitants. Lower and upper middle income countries receive a significantly lower number of projects per 1 million inhabitants, which may also be explained by the fact that some of the more developed regions within these countries are not eligible for PUM support (Indonesia being a good example). Within the OECD-DAC categories we observe substantial differences between countries. In Africa, for example, we see at one side of the spectrum a relatively large number of projects in Gambia, Burundi and Rwanda, all low income countries, but at the same time also a relatively large number of projects in Morocco and Tunisia, both middle income countries. A regression between the number of PUM missions per 1 million inhabitants and income per capita and/or the human development index does not show any significant correlation.

Figure 3.2: Number of Projects by main country group, 2012-mid-2015



Source: PUM database

The data allowed a similar analysis in Indonesia and Ghana. The in-country distribution of PUM projects has been compared with the regional income distribution. In both cases there was no significant relation between the allocation/execution of PUM projects on the one hand and the regional income distribution and/or the regional human development indexes on the other hand. Obviously other motives than income (poverty) have played a role in the destination of the visits of

²² PUM projects as a percentage of the total number of SMEs per country would have been a better indicator, but statistics on numbers of SMEs are not available in most of the countries. For Indonesia the total number of SMEs per region in the manufacturing sector is strongly correlated with the regional distribution of population, suggestion that population can be used as proxy for the presence of SMEs.

PUM experts. On the other hand, however, there exist indications that the demand for support from SMEs and BSOs in backward regions is smaller than from more developed regions. Reasons being that in these countries (regions) the formal SME sector is not developed well as a result of the relatively poor social, economic and physical infrastructure and that the informal sector, which does not qualify for support from PUM, is relatively big. The withdrawal of PUM activities from Papua in Indonesia for reasons that the business environment is not conducive for private sector development may serve as an example.

To conclude: PUM is able to reach the least developed countries and regions, but this poverty focus could be further strengthened, e.g. by focusing more on LDCs and backward regions in LMICs and UMICs.

3.4.3 Relevance for the supported SMEs

The interviews with the SMEs in the case study countries confirm that the performance of SMEs is hindered by a great number of external and internal constraints, which are similar in the countries visited for this evaluation. The internal constraints vary from technical issues to management and marketing. With virtually no exception the interviewed companies mentioned that the PUM support was important for coping with these problems in their companies. In most cases the advice on the specific topics for which the PUM expert was invited was considered to-the-point and relevant. Nevertheless, not all companies were in a position to fully implement the recommendations because they needed additional investments for which finance was not available or too expensive, or because the environment in which they operate was not conducive for major changes. Below we present our findings about to what extent the PUM intervention was relevant for the individual SMEs

Achievement of mission objectives

Relevance can be measured by analysing satisfaction with missions as reported by beneficiaries in the PUM monitoring & evaluation system. Data reveal that the majority of the missions accomplish their objectives, which suggests that gaps in knowledge and practices might have been reduced. 60% of the missions achieve all objectives (answering “yes” to the question “did the mission achieve its objectives”), while another 30% achieved part of the objectives. Less than 10% of the missions fail to meet the goals. There have been no significant changes in these numbers during the evaluation period. It should be realised that these indicators of relevance are based on surveys among beneficiaries: they might have an interest in reporting good results, e.g. in view of a possible follow-up mission. Therefore, the evaluators have tried to verify the results during the country visits, by having interviews with beneficiaries and local representatives, and by visiting the firms. The general impression is that most missions indeed manage to realise (part of) their objectives. Most respondents are positive about the support delivered by the expert, which is in most cases an indication that the objectives were (partly) realised. Also in our small sample (n=79), less than 10% of the missions was not successful in meeting the direct objectives (transferring knowledge and skills).

Through multiple regression we have been able to test the influence of several characteristics of the mission and the beneficiary on the success rate (our indicator of relevance). The results demonstrate that firm age and the type of mission (first or follow-up) have no significant influence on success. In contrast, the size of the company (measured in number of employees) does affect the results significantly (at a 10% level). Missions to larger firms tend to be more successful than missions to smaller firms, although the effect of firm size is limited. The difference between the chance on success of a mission to a firm in the 25th percentile and of a mission of a firm in the 75th percentile (ranked by size) is only 1.3%. Another significant determinant of reported success (=relevance) relates to the country in which the beneficiary is located. Missions to firms in least developed countries (LDCs) and other low-income countries tend to be less successful compared to missions to

lower and upper middle income countries (LMICs and UMICs). This effect is quite substantial: the chance that a mission is successful is 6.7% lower in LDCs.

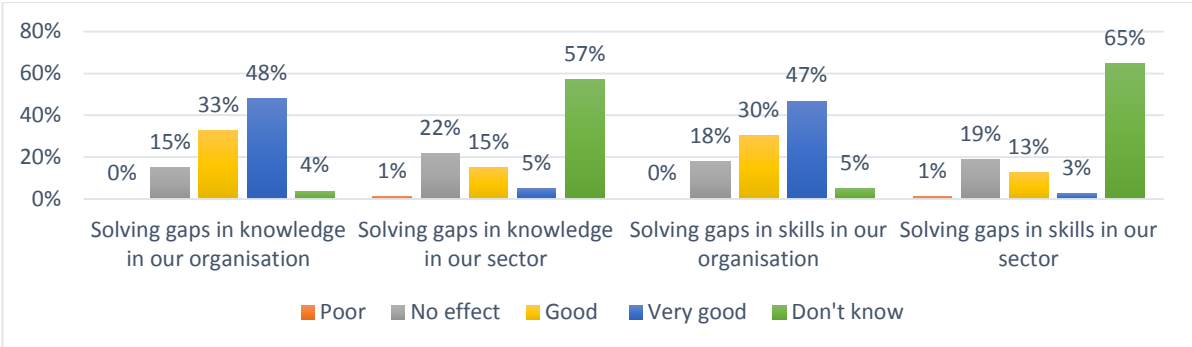
Table 3.3: Probability of achieving mission goal(s) (bold indicate statistically significant)

	Employees	Firm age	Low income	Upper middle income	First mission	Constant	adj. R ²	N
Coefficient	0.0003	0.0006	-0.0677	0.0289	-0.0399	0.6651	0.0072	1948
P-value	(0.096)	(0.487)	(0.007)	(0.296)	(0.150)	(0.000)		

Through interviews with beneficiaries in the four countries visited for this evaluation we have been able to gain deeper understanding of how relevant PUM has been for the assisted companies (ex-post). The majority is (very) positive about the mission(s) to their organisation and consider the advices highly relevant. Experts bring practical and useful knowledge: on how to improve quality of outputs, how to produce in a more efficient manner, how to gain access to new markets, how to reduce costs, how to better manage the company, how to use new technologies, how to train staff, etc. As a result the gaps in both knowledge and skills are effectively addressed. Figure 3.3 shows that about 80% of the interviewed entrepreneurs witnessed an improvement in knowledge and skills in their companies as a result of the recommendations of the PUM expert. They are less optimistic about the spill-overs of the improvement to their colleagues in the sector. It should be noted that the differences between the four countries visited are minimal.

In our sample of 79 companies, only two beneficiaries were very negative about the missions, while one company complained about a recent follow-up mission that was not in our sample (all in Ghana). However, also in these missions the ex-ante relevance was clear. In all three projects ex-post the relevance was rated low due to conflicts between the expert and the company, not necessarily because the advices were irrelevant. In each of these cases, the beneficiary has indicated that the expert did not meet expectations, while the expert claims that the beneficiary is not sufficiently willing to implement his or her advices. In Tanzania two companies did no longer exist but the reasons that they stopped operations are unknown.

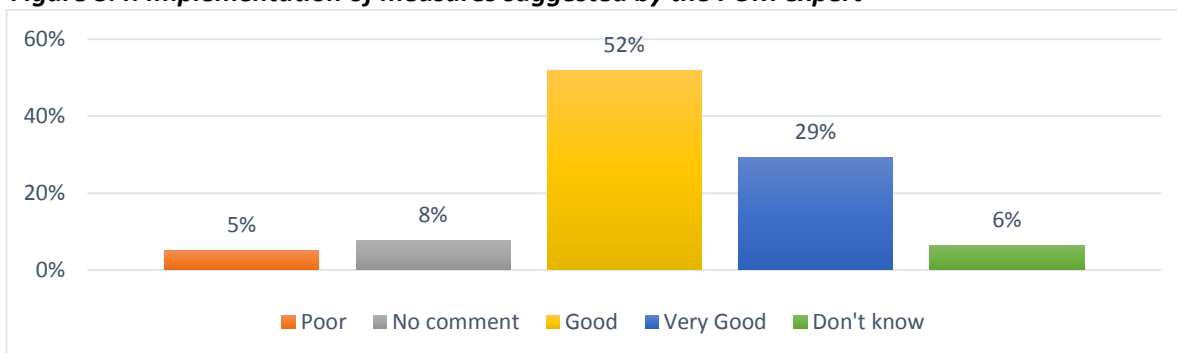
Figure: 3.3: Changes in gaps



Source: interviews with 79 SMEs in Colombia, Ghana Indonesia and Tanzania

Another indicator of relevance is the degree to which advices has actually been implemented. Most beneficiaries interviewed in the case study countries state that the majority of the expert’s advices have been implemented (up to 80%, see figure 3.4), which has been checked during the interviews by confronting the discussion partner with some of the recommendations. It turns out that many advices were actually implemented during the expert’s visit while many other actions were implemented soon thereafter.

Figure 3.4: Implementation of measures suggested by the PUM expert



Source: interviews with 79 SMEs in Colombia, Ghana Indonesia and Tanzania

Lack of budget is frequently mentioned as a reason why advices were *not* implemented. Experts sometimes advise to invest in new technologies that are apparently too expensive for the company in question, considering the limited access to credit. Nevertheless also these more long-term recommendations are considered relevant. Some beneficiaries state that the qualities of staff members explain why plans have not been implemented. In one project, for example, the owner/entrepreneur states that the person responsible for implementing the advices underperformed and that it took a long time before he found replacement. In Ghana many discussion partners refer to the increasing inflation and problems with electricity supply. In one agricultural project it was the weather that strongly affected the mission, but in this case the expert could redefine the focus of the mission. The respondents in Colombia judge the recommendations of the PUM experts as very relevant. But also in this country the follow-up of the recommendations was sometimes difficult, especially if the recommendations involve investments, again given the limited access to finance. A complicating factor in a few cases was also the devaluation of the Colombian Peso which made the investment plans unfeasible. In Indonesia a project did not benefit from the expert's inputs, though relevant and worthwhile, because it continued to face detrimental policy regulations as a result of which the company was forced to discontinue activities (dairy products). Another example of difficulties in the implementation of the advice is a micro credit institution for women in Indonesia. Although the advice of the expert was considered important and relevant for the functioning of this micro credit institution, it could not solve the repayment problems of the borrowers. The situation in this particular case was worsened because of the negative economic developments in Indonesia. These examples show that the difficult context in which the companies operate appear to be a complicating factor during the implementation phase in quite a number of cases. There are also other factors that prevent following up of the recommendations. In Colombia the establishment of a cooperative of mushroom producers was frustrated because two influential members left the cooperative and started their own composting plant. The inputs of the PUM expert are considered relevant but the project was put on hold because the remaining members did not agree about continuation.

In contradiction to these rather disappointing cases there are many more for which the gaps in knowledge and practices were addressed successfully. Training of car mechanics in Ghana, the re-design and production of leather bags in Indonesia, setting up of a butchery in Tanzania which now employs 20 people, or support and improvement of the production process of machines for making empanadas in Colombia are only a few examples of successful projects. If our sample of interviewed SMEs is representative, it shows that only a very low percentage of all missions failed in being relevant for the beneficiary.

3.4.4 Relevance for different types of companies and countries,

Impact on knowledge

Relevance can also be measured by analysing changes in knowledge within supported SMEs as reported by PRIME. These data suggest that most companies have experienced an increase in knowledge during the year in which they were visited by a PUM expert. Moreover respondents estimate that PUM has had (some) influence on the increase in knowledge. Whether or not the increases in knowledge can actually be attributed to PUM would require a more in-depth analysis, but it is fair to state that most beneficiaries find PUM highly relevant. Results of PRIME are confirmed by our country studies in which a large majority (approximately 80%) declared that the changes recommended by the PUM expert positively influenced the collective and individual knowledge in the company as shown above. There are no significant differences between the four countries that were analysed.

Table 3.4: Change in knowledge in mission year and one year later, all countries (in % of total number of respondents)

	Increase in knowledge	PUM had (some) influence on this
Efficient ways of organizing the production process or service delivery (N=326)	74	93
Ideas about new product & services (N=329)	70	89
Marketing techniques to increase sales of your product or service (N=327)	63	84
Financial management (N=324)	53	73
Leading, planning and organizing the business (N=328)	71	87
Quality requirements of (inter)national buyers (N=325)	61	84
Ways to retain, motivate and train employees (N=325)	61	82
Effects of the business on the environment (N=329)	57	83

Source: PRIME database

Table 3.4 presents the results of PRIME in more detail, making a distinction between different types of knowledge. It shows for example that a relatively low share of all PUM beneficiaries experienced increases in knowledge on financial management (though still more than 50%), while the impact of PUM on this change in knowledge is estimated relatively low (though still substantial with 73% of all respondents). Higher percentages can be observed when it comes to the contribution of PUM to closing gaps in knowledge on how to make the production process more efficient, on how to run a business and on how to introduce new products or services.

On the basis of this information, a weighted “PUM knowledge impact” indicator has been constructed to take into account that the missions are focused on only one or a few areas²³. In addition, the indicator reflects to what extent the PUM advices were responsible for the improvements in knowledge. Table 3.5 shows the weights given to the increases in knowledge when it was induced by the advices of the PUM experts. The weights vary between zero and eight, ranging from no increase as a result of the PUM advice to a great improvement in collective and individual knowledge of the company mainly influenced by the inputs of the PUM expert.

²³ Alternatively a Principal Component Analysis could have been used to reduce the number of result categories. However no meaningful components could be identified.

Table 3.5: Values of weighted PUM knowledge impact indicator

		PUM influence on knowledge change:				
		No effect	Weak effect	Some effect	Strong effect	Very strong effect
Extent of knowledge change:	Increase	0	1	3	5	7
	Strong increase	0	2	4	6	8

Statistical analysis (multiple regression²⁴) provides insight in the influence of various factors on reported relevance as defined by increases in knowledge (see table 3.6). First, it shows that missions to companies in low-income countries tend to be more relevant than missions to companies in middle income countries. This impact is substantial: the model predicts an increase of the knowledge impact indicator with approximately 20% for a mission with an average impact. Interestingly, these results seem to contradict the conclusions from PUM data on reported success. However, it could be argued that the chance on success in middle income countries is higher (the risks are lower, missions are less likely to fail), while in lower income countries successful missions more likely result in significant impacts on changes on knowledge.

Table 3.6: Change in knowledge (bold indicate statistically significant)

	Empl.	Firm age	Low income	Upper middle income	First mission	Initial knowledge level	Production	Constant	adj. R ²	N
Coefficients	-0.0034	0.0142	0.5866	0.2146	-0.0834	0.8708	0.2241	0.1119	0.0736	401
P-value	(0.143)	(0.157)	(0.029)	(0.475)	(0.770)	(0.000)	(0.357)	(0.850)		

A second conclusion from the statistical analysis is that the initial level of knowledge has a positive influence on the absorption of new knowledge through PUM. Comparing the firm on the 25th percentile and the firm on the 75th percentile regarding the level of initial knowledge, the model predicts an impressive 45% impact on the knowledge impact indicator (based on the average knowledge impact). This finding is somewhat counterintuitive as one would expect that companies with a lower initial level of knowledge have more knowledge to gain. On the other hand, the result could be explained under the assumption that firms need a certain level of existing knowledge in order to absorb new knowledge²⁵. However, we need to be careful with drawing conclusions on this matter in view of methodological issues: since the questions on initial level, knowledge increase and the impact of PUM are asked in the same format, there is a risk that respondents tend to answer the questions in a similar way.

Change in Practices

Similar to the change in knowledge the change in practice is analysed by subject of the missions. Table 3.7 gives an overview of the progress in the different areas distinguished. It records an increase in all issues of the PUM missions in the post-mission year, though it is less significant than in comparison to the change in knowledge. For the companies that reported an improvement the large majority attributed this to the influence of PUM, virtually for all issues addressed by the PUM mission. The only negative outlier is the progress and PUM's influence on financial management

²⁴ All models in this evaluation are based on OLS. Linear probability model are used for explaining binary dependent variables.

²⁵ For a classic source on this topic see Cohen and Levinthal (1990), Absorptive Capacity: A New Perspective on Learning and Innovation, *Administrative Science Quarterly*, Vol. 35, No. 1, pp. 128-152

showing a relatively low score. Similar to above an impact indicator has been constructed which is being used in regression analysis.

Table 3.7: Change in practices in mission year and one year later, all countries

	Improvement in practices	PUM had (some) influence on this
Efficient organization of the production or service delivery process (N=285)	71	88
Introduction of new products or services (N=279)	69	89
Marketing techniques to increase sales of your product or service (N=271)	65	82
Financial management (N=274)	60	69
Leading, planning and organizing the business (N=288)	67	86
Meeting quality requirements of (inter) national buyers (N=281)	64	86
Retain, motivate and train employees (N=274)	64	82
Managing the effects of the business on the environment (N=274)	55	83

Source: PRIME database

The PUM results chain suggests that when beneficiaries acquire new knowledge during a PUM mission, this will lead them to also improve their business practices and hence improve their performances. Table 3.8 clearly confirms this expectation, as the change in knowledge (controlling for other beneficiary characteristics) is a significant and strong predictor of change in practices. The adjusted R² shows that almost two-thirds of the improvements in practices is explained by knowledge change. As above, the initial level of practices is strongly and positively correlated with the extent of practices change.

Table 3.8: Change Practices Regression for different sets of variables (bold is statistically significant)

	Employees	Firm age	Low income	Upper middle income	First mission	Initial practices level	Production	Change in knowledge	Constant	R ²	N
Coefficient	-0.0009	0.0015	0.0663	0.1701	0.0432	0.2928	-0.1335	0.7318	-0.2458	0.62	340
P-value	(0.571)	(0.823)	(0.713)	(0.392)	(0.821)	(0.010)	(0.414)	(0.000)	(0.541)		

Most of these findings were confirmed in the interviews with the beneficiaries during the field visits, though admittedly, not all could be checked physically. Virtually all interviewees mentioned that PUM had an effect on the changes in both the knowledge and practices to the benefit of the company. It, however, became clear from the interviews that "unfortunately" not all recommendations could be implemented fully or quickly because of the local constraints, of which access to finance was mentioned most often. This might explain the relatively low score on improvement in knowledge and practices for financial management. In spite of the changes introduced as a result of the inputs of the expert, the difficulties in accessing external finance continued to exist. Some interviewed SMEs pointed to this issue.

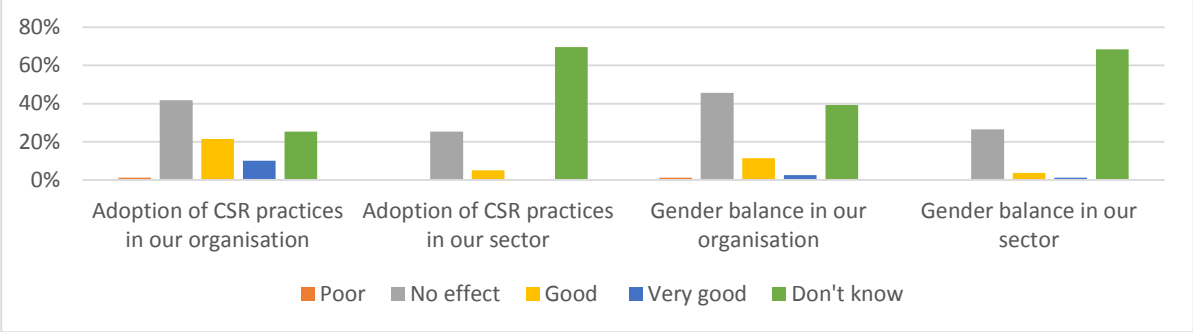
The regression analysis of the effect of PUM on knowledge and practices above is based on PRIME data about the first available cohorts and the findings during the field visits. A more detailed analysis can be executed as soon as PRIME data will come available about performance of later cohorts. The limited size of the currently available dataset has at least two consequences. First, any results that are found should be understood as having a wide confidence interval, meaning that the actual effects may be higher or lower than the estimates reported here. Secondly a small dataset means that relationships between variables are more likely to become insignificant, even if using a larger dataset would have revealed them to be significant.

Gender balance and CSR

In the evaluation we paid specific attention to changes in practices regarding gender balance and CSR. Many persons interviewed during the field visits found it difficult to attribute changes in the

position of women, if there are any, to the inputs of the PUM expert (see figure 3.5). 40% mentioned that they don't know. Similar reactions were given on the questions regarding CSR topics. PRIME has also asked the beneficiaries about some other variables relevant for this evaluation, such as worker safety. These are reflected in Table 3,9. It shows that in the area of worker safety about 25% of the surveyed companies did not have a worker safety policy/system by the end of 2014. More than one-third of these companies introduced such a system after the visit of the PUM expert half a year later.

Figure 3.5: Effects on gender and CSR



Source: interviews with 79 SMEs in Colombia, Ghana, Indonesia and Tanzania

Two-thirds of beneficiary firms already had a website by the end of 2014. Only a small share of the one-third that did not have a website in 2014 started one by mid-2015 (17%). Promotion material shows similar trends, although a higher share of firms without promotional material in 2014 introduced it the year after (30%). Half of the firms had a customer satisfaction system by end 2014, and a quarter of those who did not have such a system has introduced one by mid-2015. By the end of 2014 43% of the firms had a marketing plan and the same percentage had a quality assurance system. 19% of those that lacked the marketing plan and quality assurance system have introduced these by mid-2015²⁶.

Table 3.9: Systems and policies for various business activities, end 2014 and mid-2015, all countries

	Present by end 2014?		..if not, introduced by mid-2015?	
	% yes	% no	% yes	% no
Worker safety (N=554)	76	24	36	64
Website (N=617)	66	34	17	83
Promotion material (N=614)	65	35	30	70
Customer satisfaction (N=614)	50	50	26	74
Marketing plan (N=608)	43	57	19	81
Quality assurance (N=592)	43	57	19	81
Environment (N=578)	30	70	14	87

The large majority (70%) of firms that were surveyed did not have a system in place for monitoring the effects of production on the environment by the end of 2014. Only 14% of this group had introduced it by mid-2015 after the visit of the PUM expert. Again it is not clear whether this introduction can be attributed exclusively to the expert's inputs. The country visits do not clarify this issue, either because a large number of interviewees were not able to answer the question about influence of the PUM expert on the decision to introduce CSR systems (see figure 3.9). It should be noted that this issue is not relevant for a large share of the interviewed firms, because they do not

²⁶ These similar scores seem coincidence rather than a data issue, as the questions are not directly consecutive

have a production process (e.g. services firms). However, the result is similar if the data are corrected for the companies not active in producing commodities.

3.4.5 Conclusions on relevance

Literature and statistics show that SMEs employ most of the labour force in the target countries of PUM. Our findings further provide evidence that PUM has been instrumental in solving gaps in knowledge and practice in most of the SMEs supported. During the interviews with the beneficiaries it was reported that about 20% of the companies faced difficulties in implementing the recommendations because of external constraints, of which access to finance was mentioned as the most constraining factor. Not because the recommendations were irrelevant.

Regression analysis shows that missions to larger firms have a higher chance of achieving their goal(s), while it also shows that missions to low income countries have a lower chance of achieving their goal(s). Our statistical analysis further indicates that there is a strong relation between the improvement in practices as a result of PUM's intervention and the changes in knowledge. Missions to low income countries on average result in a higher pay-off in terms of new knowledge compared to missions to middle income countries. A second result is that the level of knowledge before the start of the mission has a strong impact on the extent to which new knowledge is acquired by the beneficiary during the mission. Firms seem to need a certain level of existing knowledge in order to be able to 'absorb' the new knowledge offered to them through the PUM mission.

3.5 How does PUM ensure the additionality of its projects?

The Donor Committee for Enterprise Development (DCED)²⁷ suggests to apply a flow diagram for checking the additionality of a project, using the following criteria. First, it identifies the following three essential criteria, of which at least one should be met by a project to be additional:

1. The company has insufficient funds to self-finance the project (within a reasonable time frame)
2. The company lacks the knowledge or competencies to design and/or implement a business model in a way that maximises poverty-reducing or other development impacts.
3. Without the public subsidy the company would be unwilling to implement the proposed business model and/or changes in operational standards because of a perceived negative balance of costs/risks and benefits.

During the application phase PUM indeed checks on whether the company is able to finance the support itself. The companies are requested to inform PUM about their financial performance during the preceding two years. This information is cross checked with the opinion of the local representatives. During the field visits, the local representatives confirmed that they do consider the applicant's ability and willingness to pay for the provided services.

The mere fact that the company submits a request for support focused on improvement of knowledge, skills and practices is considered evidence of the lack of competences to realize the required changes itself.

Even in cases that the company is financially capable to hire outside expertise the applicants hesitate to do this because they are uncertain about the potential benefits, which is shown in the application and again confirmed by the local representatives.

DCED further presents three conditions that should all be met:

4. The company cannot access the services offered by the publicly-funded agency on a commercial basis – whether commercial bank funding or advisory support of similar quality.
5. The cost-shared project does not displace other companies already operating in the market, or that are ready to undertake the same project without public support.
6. The cost-shared contribution does not duplicate other donor-funded support – whether grant, in-kind advice, loan or equity.

PUM itself does not provide the services on a commercial basis, but there might be alternative local suppliers that could provide similar services. Ex ante, it appears to be difficult to assess whether such expertise is indeed lacking in the countries (or internationally), and whether the SMEs/BSOs are not able to pay for these services, if available. It requires a complete overview of what is available in this field and at what prices. Some knowledge about service provision in the target countries is available within PUM, but generally it is limited. The local representative is usually better informed about the relevant local situation and takes this into account in his "sales" of PUM in his country. During the field visits, the local representatives also confirmed that they do consider the questions of availability of alternative support and the (potential) beneficiary's ability and willingness to pay for these locally provided services. This pre-selection might explain that only a limited number of requests is rejected because of (potential) unfair competition with local service providers. Three years ago, PUM supported the establishment of a local senior expert organisation in El Salvador (*Sabios y Expertos*). In a couple of other countries (Peru, Indonesia and Thailand), similar organisations are being prepared with help of PUM. These local expert organisations are better equipped to judge whether

²⁷ *Demonstrating Additionality in Private Sector Development Initiatives, A Practical Exploration of Good Practice for Challenge Funds and other Cost-Sharing Mechanisms*, Melina Heinrich, The Donor Committee for Enterprise Development (DCED), April 2014

local expertise is available at affordable prices, which might improve the assessment of whether PUM displace existing companies in the local market that are ready to undertake the same project without public support.

The approach of PUM, namely attaching one expert to one SME/BSO for support at a time is rather unique in the world of donor support to the private sector. In some countries, e.g. Indonesia, the government is offering special low costs training to local SMEs, but mostly on very general topics that often are not addressing the specific issues for which PUM experts are invited. For technical issues or expertise on international marketing of products, in particular exports to Europe, availability of local specialised knowledge is often not available.

Finally, DCED mentions two extra conditions that are not essential, but indicative of additionality:

7. Public support leverages investment by other entities that would otherwise not be forthcoming.
8. Conditions attached to the cost-sharing project, or agency activities complementing it, are expected to have a positive influence on wider business operations, the business environment or other institutional factors.

The review of the applications submitted to PUM does not systematically take into account the potential synergy with or catalysing role for other PSD programmes. PUM has approached several other public institutions active in PSD support with a view to cooperate, which has resulted in joint activities but so far not many. The leverage of investments by other entities is not a criterion in the approval process of PUM of individual applications. Indirectly PUM support could have a positive effect on the possibilities to access external funding from the banking sector.

Although PUM recognizes that its support to individual companies might have an positive effect on other companies in the sector or the region through for example demonstration effects, it is not taken into account in the approval process. This is different for support to BSO's and programmes that by definition are focused on assisting similar companies in the same sector. The purpose of these programmes is exactly that they have a wider influence than on a single company only.

3.6 What is the evidence about the additionality of support by PUM experts?

This section discusses the evidence about additionality following the DCED criteria presented above.

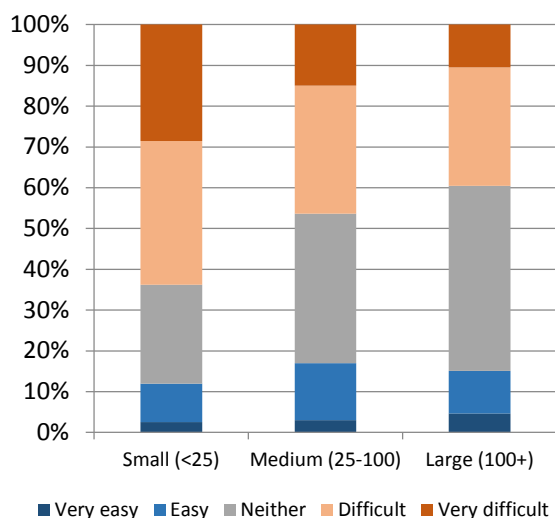
1. The company has insufficient funds to self-finance the project (within a reasonable time frame)
2. The company lacks the knowledge or competencies to design and/or implement a business model in a way that maximises poverty-reducing or other development impacts.
3. Without the public subsidy the company would be unwilling to implement the proposed business model and/or changes in operational standards because of a perceived negative balance of costs/risks and benefits.

A proxy for the difficulties SMEs face in financing advisory services is their access to loans from the banking sector. Information from PRIME shows that more than 50% of the SMEs responding to PRIME's questionnaire had difficulties to access finance from a bank or financial institutions (see figure 3.6) for investments. It is more difficult for small companies. This is consistent with the field visit reports, information from the international literature²⁸ and the survey among micro, small and medium sized enterprises by Biro Pusat Statistik in Indonesia. The results of the PRIME survey also show that SMEs (supported by PUM) in Least Developed Countries (LDCs) experience more difficulties with accessing finance.

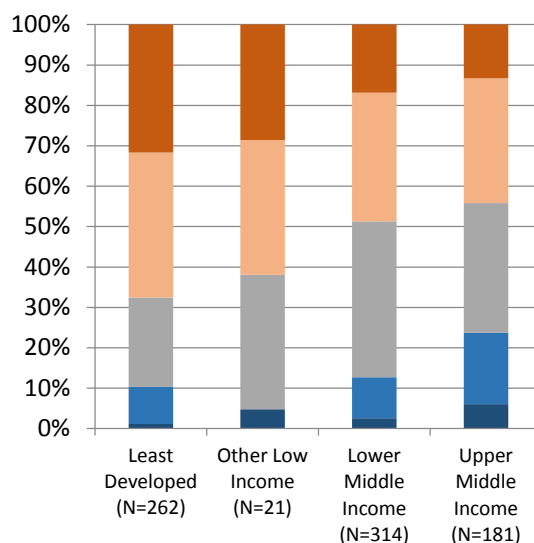
²⁸ See the literature referred to in footnote 5 and 6

Figure 3.6: Access to finance

By company size (measured by employment level)



By country categories, 2013 - 2015



Source: Prime data

Another aspect of additionality, besides access to finance, is the potential of beneficiaries to improve business practices without support (DCED criterion 2). A useful indicator for this potential is the self-reported level of business practices on relevant types of knowledge and skills prior to the mission, as registered by PRIME²⁹. Overall, about 45% of the supported firms report an initial level of practices between poor and good: it may be assumed that they meet DCED criterion 2. The other 55% report a good to very good level of initial practices: for them it is less likely that they meet this criterion.. However, it still possible that they lack the knowledge to further improve their level of practices. We also need to take into consideration that beneficiaries tend to give a positive answer to this question in order to avoid being perceived as incompetent. There are no clear differences in initial business practices by OECD-DAC country status and by firm size

Figure 3.7: Level of initial practices, average and by company size (N=382)



Source: PRIME, own elaboration

The two indicators of additionality (poor access to finance and a low initial level of practices) can be combined, by asking what share of beneficiaries face both difficulties. Table 3.10 shows that there is

²⁹ This indicator is a weighted average of the initial levels of business practices for types of knowledge and skills explicitly addressed by a mission. For example: if a mission focuses on three aspects, each aspect takes a share of 33.3 per cent.

no clear relation between OESO-DAC status and the indicator of additionality based on access to finance and level of relevant initial practices.

Table 3.10, Beneficiaries facing poor access to finance and low initial level of practices by country group

	Poor access to finance and low initial level of practices					
	no		yes		Total	
	abs.	%	abs.	%	abs	%
Low Income	80	60.6	52	39.4	132	100.0
Lower Middle Income	97	58.4	69	41.6	166	100.0
Upper Middle Income	55	65.5	29	34.5	84	100.0
Total	232	60.6	151	39.4	382	100.0

Source: PRIME, own elaboration

Table 3.11 provides insight in the influence of several variables on the probability that a company combines poor access to finance with a low initial level of practices³⁰ (a strong signal of additionality).

Table 3.11: Probability of reporting difficult finance and low practices (bold indicate statistically significant)

	First mission	Firm age	Low income	Upper middle income	Constant	adj. R ²	N
Coefficient	0.1626	-0.0034	-0.0494	-0.0742	0.3397	0.0172	382
P-value	0.010	0.100	0.391	0.256	0.000		

As may be expected, when a beneficiary is receiving its first PUM mission it is significantly more likely (its probability increases by 16.3%) to belong to the set of beneficiaries with the highest additionality, compared to firms receiving a follow-up mission. Moreover younger firms are also more likely to belong to this group, although the difference is relatively small and the effect is significant at the 10% significance level. Moving from the 25th to the 75th percentile of age (from 5 to 18 years) decreases the probability of belonging to the firms with highest additionality by 4.5%. Finally, OECD-DAC country status of the beneficiary was not a significant predictor as was already shown in table 3.9. So: if PUM sends more missions to younger firms and focuses on new beneficiaries rather than follow-up missions, its additionality would be expected to increase. Sending more missions to smaller firms increases additionality because they are more constrained in access to finance, not in terms of targeting beneficiaries with a bigger gap in initial level of practices.

4. The company cannot access the services offered by the publicly-funded agency on a commercial basis – whether commercial bank funding or advisory support of similar quality.
5. The cost-shared project does not displace other companies already operating in the market, or that are ready to undertake the same project without public support.
6. The cost-shared contribution does not duplicate other donor-funded support – whether grant, in-kind advice, loan or equity.

Ex post PUM collects evidence on the additionality of support through the expert debriefing form. This form, however, changed during the evaluation period. For missions in 2012 and 2013, experts were asked to indicate: 1) if the supplied knowledge was available locally; 2) if the company would be able to contribute 700 euro (international travel costs); and 3) whether or not the applicant received support from other organizations. In missions after 2013/2014, experts were asked to discuss the

³⁰ Using a limited probability model based on OLS. Firm size (number of employees) and whether a firm is active in the production of goods or not were also tested, but were found to be insignificant.

ability to pay for a follow-up mission and to report the findings in a more qualitative way. Therefore it is not possible to analyse the reported additionality of all missions in the portfolio. For the visited countries we have analysed additionality in a more qualitative manner by comparing the feedback of the expert with answers of beneficiaries during the interviews.

In **Colombia** the principal reason to apply for PUM is to get access to international best practice knowledge and management or production skills. Most beneficiaries in this country stated that there was no alternative to PUM offered by local consultants. Several of them would have been prepared to pay something for the (first) mission, had they known in advance the benefits they received from it. For some, the cost would be prohibitive, especially given the devaluation of the currency last year. Some of the beneficiaries mentioned 'trust' as an advantage of the PUM programme, as the experts do not have any personal interest or commercial motivation at all in the relation with the enterprise. The same holds for the selected BSOs, with the exception of one BSO that had received assistance from other organizations. However, this BSO also reported that there were no local commercial consultants with similar expertise and it was not able to pay for a local commercial consultant (if such a consultant would have been available).

In **Ghana** nearly all beneficiaries indicate that local knowledge was not available or affordable. In general local consultants do not have the required knowledge, and if they do, they are too expensive or not willing to offer the same as PUM does: an intensive two-week training programme (consultants often work on several projects at the same time). Discussion partners emphasized that PUM offers a distinctive product: concrete, hands-on advice that can be implemented straight away. In their view local consultants are often "good in writing reports, not in helping firms to actually change".

Some regional differences can be observed in the country. The ability to pay tends to be higher in Greater Accra than in other regions. Beneficiaries in these regions seem to be more aware of alternative solutions for their problems, including local consultants and international business support programmes. While for several firms outside the capital region, PUM is often the only available and affordable alternative. Accra-based firms seem to make a weigh-off between costs and benefits. For them, PUM is a relatively affordable way of getting access to relevant knowledge. Many beneficiaries – also outside Accra – state that they are willing to pay for PUM, if advice leads to results. They are, in general, not willing and able to pay the full amount of 6,000 euro (the estimated value of a mission). A contribution between 250 and 750 euro (partly covering the international costs) seems more reasonable, at least for the companies that have some budget available.

In **Indonesia** it was mentioned that domestic expertise on more general topics, such as general management, human resource management, and domestic marketing could indeed be provided by local professional service providers. But at costs that are much higher than the costs related to the visits of the PUM experts. In most cases the SMEs reported that they could not afford hiring local professionals and therefore would not have invited them for advice. As in the case of Colombia for technical issues or expertise on international marketing of products, in particular exports to Europe, availability of local expertise is not available. Another issue mentioned is that local experts try to maximize their revenues through also claiming involvement in the implementation of the advice. Virtually without exception the interviewed beneficiaries indicated that the required expertise was not available, and if available (also for example internationally) at costs that the recipient SMEs could not afford. Many of the interviewed entrepreneurs further mentioned that they were in particular interested in the knowledge of experienced Dutch colleagues.

For **Tanzania** the smaller companies visited report that they would have been unable to cover the costs and also would find the costs for a follow up mission prohibitive. Companies with 25-100 employees sometimes would have been prepared to pay more than accommodation and food but only after they had experienced the usefulness of the PUM advice. Up front they had no idea what to expect as PUM is largely unknown in the country. Half of the companies interviewed consider a follow up mission and are prepared to pay the higher cost associated. They further mentioned that there is no alternative to PUM in terms of local expertise offered by consultants. The reason to apply

for PUM is to get access to international best practice knowledge and management or production skills.

7. Public support leverages investment by other entities that would otherwise not be forthcoming.
8. Conditions attached to the cost-sharing project, or agency activities complementing it, are expected to have a positive influence on wider business operations, the business environment or other institutional factors.

During the field visits we did not find strong indications that as a result of PUM other institutions stepped in to support the beneficiaries with additional capital or otherwise. There were also no indications that other companies were stimulated to follow the recommendations of the expert. Some of the interviewed companies referred to some demonstration effects, but in general it was limited in the four countries visited. The support to BSOs and the sector programmes support by character more than one company, and their influence go beyond one company.

In conclusion, virtually without exception it can be concluded from the interviews with the beneficiaries that in their perception the required expertise was not available locally, and if available (also for example internationally) at costs that the recipient SMEs could not afford. It should also be taken into account that foreign, in this case Dutch, advisors have a much better reputation than their local colleagues and are therefore preferred by the beneficiaries. This was confirmed by almost all interviewed entrepreneurs, who mentioned that they were in particular interested in the knowledge of experienced and independent Dutch colleagues and not in that of local consultants. Another issue mentioned was that local consultants are less interested in this type of short advisory assignments PUM is offering.

3.7 Is there a link between the number of countries and their status (LDC, LMIC, HMIC) and the relevance of the PUM programme? E.g. does a stronger focus on LDCs lead to a more or to a less relevant programme?

As discussed in 3.4 there is a link between the OECD-DAC status and the relevance of a mission. Projects in LCDs and other low-income countries are less successful in reaching their objectives – as reported by beneficiaries to PUM directly – but more effective in closing gaps in knowledge – as measured by PRIME. This leads us to the conclusion that a country’s level of development is negatively correlated with both the expected risk and the expected impact. Missions to more developed countries are less likely to fail in reaching the objectives of the mission, but their contribution to reaching the objectives of the Ministry is lower. In view of the definition of relevance for this evaluation (see ToR), it must be concluded that a *stronger* focus on LDCs would indeed lead to a *more* relevant programme. Considering PUM as an aid instrument with the aim to reduce poverty, it makes sense to focus on countries and also regions within these countries with lower levels of development. In these countries and regions, initial levels of knowledge and practices are generally lower, enabling PUM experts to make a greater contribution to closing gaps in knowledge and practices. The disadvantage of LDCs is that they present greater risks in the execution of projects. Initial levels of knowledge and practices could be too low or the local business environment is too constraining.

4 Effectiveness

4.1 How does PUM monitor the results of the programme?

PUM collects data on the effectiveness of individual projects through debriefing and evaluation forms. Country coordinators and sector coordinators meet with the expert after the mission for debriefing. Both the expert and the beneficiary are asked to give a reaction on paper about their experiences. The beneficiaries are further asked whether the visit of the PUM expert was useful and whether he/she expects that his/her recommendations will have an impact on the company's performance and employment. With these monitoring activities, PUM checks the direct results of the visits. In other words, whether the missions have achieved their objectives and indeed resulted in practical recommendations. This internal monitoring system does not give an answer to whether the expected long-term results actually have been achieved.

Whether the PUM support has actually resulted in increasing trade and/or investment relations between the supported SMEs and Dutch businesses is also not monitored accurately. Many experts continue to have relations and communication with the recipient SMEs, and there exist some verbal suggestions that this has resulted in business contacts, but these activities are not monitored systematically by PUM (PRIME, however, does monitor impact on trade and investment as we will discuss below).

With the introduction of PRIME, the M&E of PUM has changed. In the previous system the expert and the beneficiary were both asked to estimate the impact of advice on the company's performance (e.g. turnover, profit, access to finance, etc.). In the current system, only the beneficiary evaluates this impact. Particularly the answers of beneficiaries are informative and may be seen as first signals of positive effects or the lack of effects, although one needs to be aware of the possibility that beneficiaries do not give an honest and reliable answer to the questions.

During the field visits we interviewed a selection of beneficiaries. We asked them about the effects of PUM on their company, in terms of knowledge, skills, turnover, profit, corporate social responsibility (CSR), gender equality, jobs and trade. They were requested to motivate their answer, enabling us to gain an understanding of how PUM affected the company. It is interesting to compare their answers with their reactions given in PUM's own questionnaire directly after the mission. In general, beneficiaries were more positive in this questionnaire – rating the (future) impact of PUM's advice good or even excellent – than in the interviews during our field visits. For example, there are two projects in our sample rated "very good" in the questionnaire, but with no impact on any of the indicators listed above. Another project was reported poorly – that means: the beneficiary rated the impact "sufficient" – but actually had a significant impact on the company. This leads us to the conclusion that evaluations by the beneficiary cannot be regarded as credible evidence of effectiveness, which in fact supports the decision to develop a monitor and evaluation system like PRIME.

PRIME attempts to measure PUM's results, intermediate and long-term effects and impacts. It is however still in its early stages of development and therefore not capable yet to provide a full and representative measure of effects and impact. As soon as it possesses information about more cohorts of supported companies it will be in a better position to estimate the medium and long-term results of PUM. PRIME is collecting information about trade and investment relations, but at the moment of writing this report only information is available on the first cohorts.

4.2 Does PUM possess credible evidence of the effectiveness of individual projects and if so, what are the conclusions?

Comparing treated with non-treated firms

Some first data of PRIME can already be used to estimate the impact of PUM on sales, profits, employment and export. For each of these outcome indicators it is possible to compare treated firms with non-treated firms. Counterfactual outcomes (changes in outcomes at non-treated firms) have been estimated by analysing changes in performance prior to the mission (e.g. comparing the situation two years before the mission with the situation one year before the mission). For this group of firms, changes in performance cannot be attributed to PUM, simply because there was no PUM intervention. They are considered being representative for the situation without a PUM intervention³¹. Counterfactual outcomes can be compared with the outcomes of treated firms, analysing changes in outcomes before and after the mission (more precisely: the mission year and one year later³²). By comparing changes in outcomes between treated and non-treated firms, we gain some insight in the degree to which changes can be attributed to PUM. It should be stressed that this is not yet an 'other things equal' comparison, in the sense that for example changes in economic growth between the actual and counterfactual periods have not been taken into account³³.

Comparing treated companies with non-treated companies, initial results suggest that participation in PUM has *no* substantial impact on increases in sales, profits and employment. The majority of assisted SMEs (75%) reported increases in sales, but for non-assisted companies this percentage is even slightly higher (81%). Analysing the change in profits, the difference between supported and non-supported companies is even smaller: 64 versus 66 per cent. This also applies to changes in employment: 62 versus 64 per cent. Only the share of companies that reported an increase in exports is substantially higher for treated firms: 14 versus 6 per cent. Due to small sample sizes³⁴ it is not yet possible to draw final conclusions on the contribution of PUM missions to changes in outcome. However it is possible that a subset of participants in PUM do show substantial effects on economic performance, for example because they learned more from the PUM mission than other beneficiaries. This is analysed further below.

³¹ We used data for each specific mission, not discriminating between first and follow-up missions. Yet, some firms may have had a PUM mission during the "counterfactual period". At the cost of a reduction in the sample size we did a similar exercise on first visits only for changes in profits. The conclusions from this exercise were about the same as reported in the main text.

³² This is an approximation, not exactly just before and 12 months after. In the case of the employment, change occurring at least 6 months and at most 21 months after the mission, depending on in which month of the year the mission took place.

³³ Due to time restrictions and limited availability of data it was decided not to develop a model that does control for differences in macro-economic conditions.

³⁴ The impact on sales and employment change has been estimated by comparing changes in 176 treated firms with 225 non-treated firms. For profit change, we compared a sample of 199 treated firms with 81 non-treated firms. For export change: 172 versus 72.

Figure 4.1: Change in sales

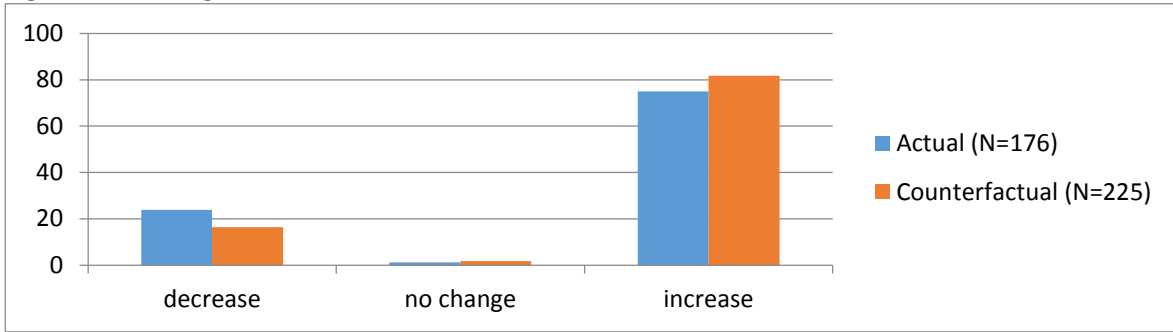
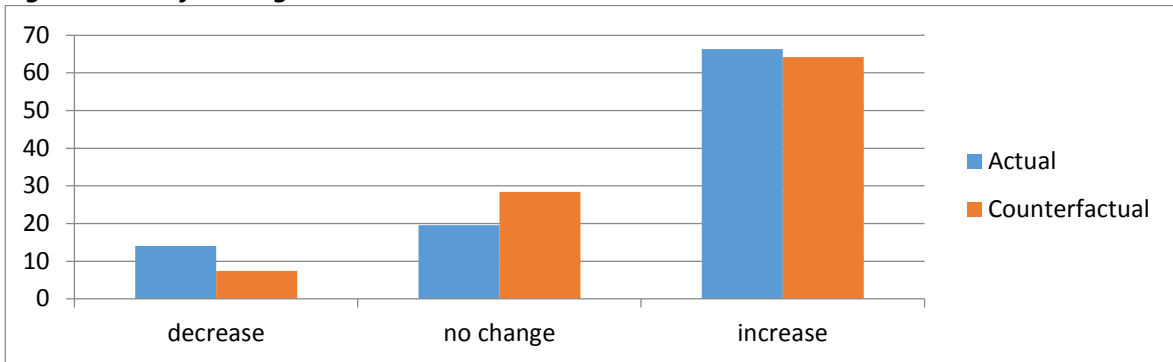
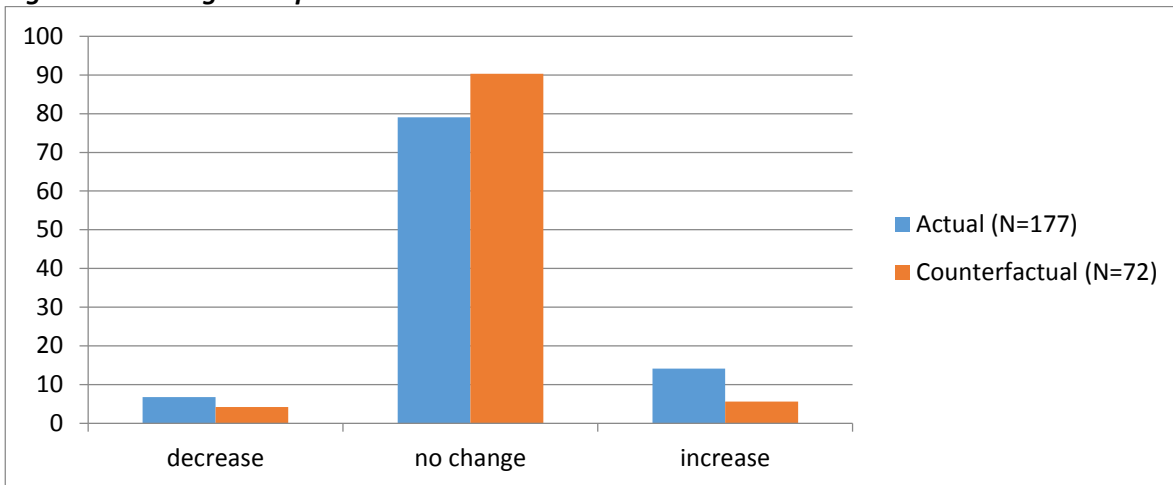


Figure 4.2: Profit change



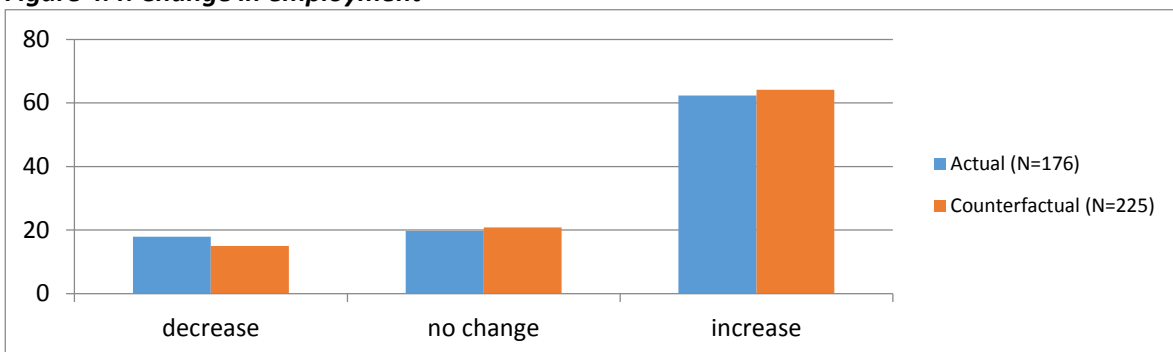
Data from PRIME surveys

Figure 4.3: Change in exports



Data from PRIME surveys

Figure 4.4: Change in employment



Data from PRIME surveys

Impact of attributable changes in practices on outcomes

The effectiveness of PUM can also be analysed by developing statistical models³⁵ that test the influence of changes in practices attributable to PUM³⁶ – as reported by beneficiaries – on outcome variables (e.g. without using a counterfactual, but using the attribution to PUM as stated by SMEs). This analysis results in some more convincing conclusions. One is that changes in practices attributable to PUM explain to some extent increases in sales. Changes in practices at PUM-supported firms (attributable to PUM) significantly (at 10% level) influence sales. If a company moves from the 25th to the 75th percentile regarding changes in practices, changes in sales go up by 29%. However, the statistical model also reveals that changes in practices explain only a fraction of changes in sales considering the rather low adjusted R² (see Table 4.1). Similarly the change in practices has a significant effect on the change in profits and employment. For the change in profits the estimated coefficient implies that as a firm moves from the 25th to the 75th percentile of the extent of change in practices, its profit change increases with about 15%³⁷. While the sample size is still relatively small, the linear regression results suggest a strong correlation between change in business practices attributable to PUM, and increase in employment after the mission. This relation is robust to the inclusion of a set of control variables. One point higher change in practices is expected to lead to a 3% higher (more positive) change in employment after the mission, and a change from the 25th to the 75th percentile of practice change leads to an employment change of more than 12%. Among the controls only firm age is strongly correlated with employment growth. As firms age they become more and more likely to show decreases rather than increases in employment after their PUM mission. Moving from the 25th to the 75th percentile of firm age decreases employment change by 6%. These findings support the idea that younger firms learn from PUM experts how to grow and expand, while older firms instead learn to become more lean and efficient.

Table 4.1: Regressions for different sets of variables (bold indicate statistically significant)

Change in Sales					
	Change in practices	Constant	adj. R ²	N	
Coefficient	7.2615	19.1291	0.0154	114	
P-Value	(0.099)	(0.190)			
Change in Profits					
	Change in practices	Constant	adj. R ²	N	
Coefficient	0.1508	0.8126	0.0468	127	
P-Value	(0.008)	(0.000)			
Change in employment					
	Change in practices	Firm age	Constant	adj. R ²	N
Coefficient	3.1049	-0.4619	17.4462	0.0559	226
P-Value	(0.002)	(0.009)	(0.000)		

³⁵ Based on a linear probability model (using OLS).

³⁶ Using the weight PUM knowledge impact indicator, introduced in the previous chapter.

³⁷ In the PRIME survey profit change is measured using a categorical indicator, which distinguishes changes in brackets of 25%. For example it can distinguish a profit increase between 0% and 25% from a change between 25% and 50%. This results in a categorical variable with a total of 11 categories. In order to simplify the modelling process, it has been treated as a ratio scale variable, which can be modelled using linear regression. However it should be kept in mind that the coefficient cannot be directly interpreted as a percentage change for a given change in the independent variable, but rather shows changes in numbers in the 25% brackets.

For a part of the PUM portfolio an increase in export share before and after the PUM mission may result from the changes in knowledge and practices induced by the mission³⁸. The only significant correlation found was between firm age and change in export share, which is shown in figure 4.5.

Figure 4.5: Change in export share before and after the PUM mission, by firm age, 2012-June 2015

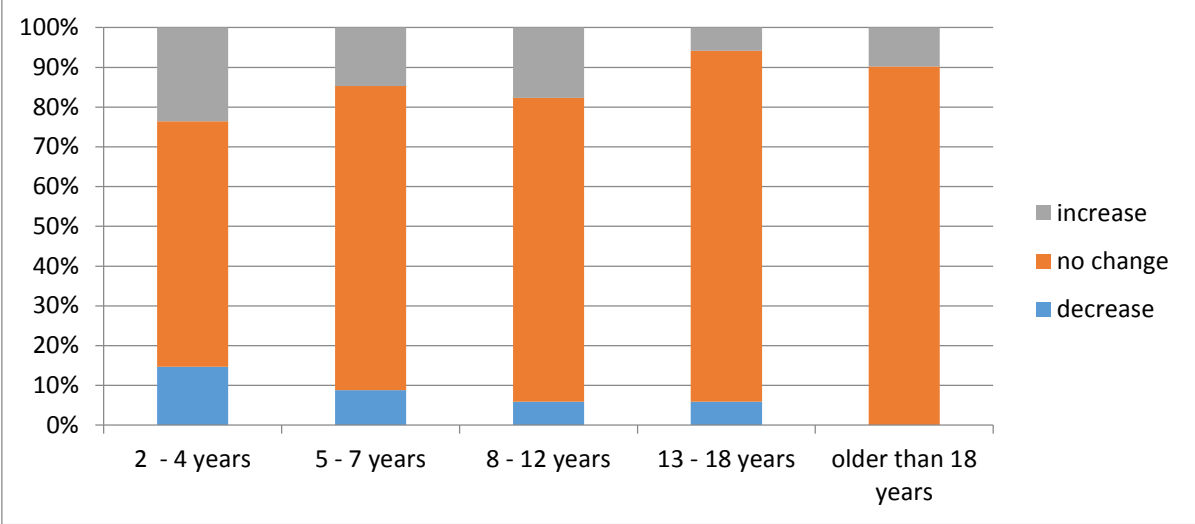


Figure 4.3 shows that a change in export share is indeed related to firm age, but in a somewhat complex way. For young firms (between 2 and 4 years old) both increases and decreases of export shares are overrepresented. These changes decrease with age, up to the point that firms older than 18 years hardly change their export share. As firms age, increases in export share become somewhat more likely than decreases, perhaps because of a selection effect (only relatively successful firms survive to live to an older age, and business success is likely to be correlated to increases in export share). In sum, the data suggests that at portfolio level no relation exists between PUM influence and changes in export share. This is, however, in line with the programme’s theory of change: its main aim is to reduce poverty (by enhancing the performance of SMEs); the promotion of trade (whether or not with the Netherlands) is a secondary aim.

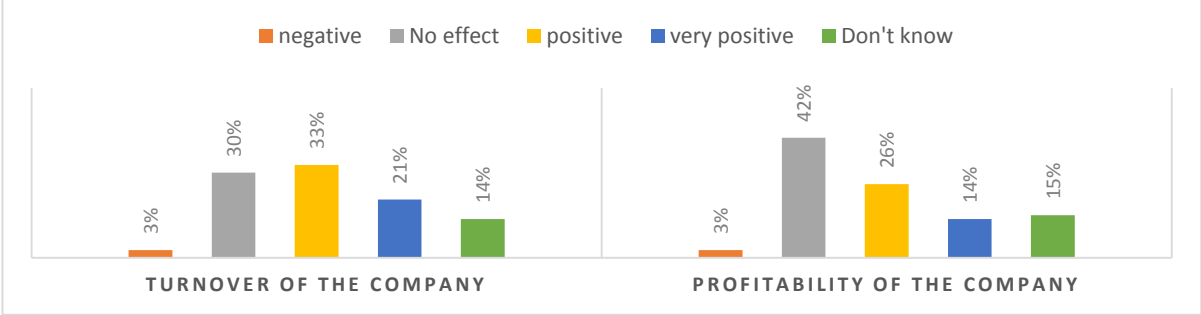
Results from the field visits

Beneficiaries in the four case study countries are less positive about PUM’s impact on sales and profitability than the programme’s impact on closing gaps in knowledge and skills. 54% of the respondents state that PUM has helped to improve sales, while 40% claims that PUM has helped to raise profits. In the interviews they admit that other factors – such as changes in economic conditions – have influenced changes in sales and profit levels to a great extent. On the other hand, there are many examples of successful companies stating that PUM made a significant contribution to improvements in sales and profits, rating this contribution as “very positive”. In Ghana it was reported that in about 60% of the missions that PUM had a positive (30%) or even very positive (30%) effect on turnover, for example because the advice helped the company to improve the quality of its products or to gain access to new markets. Half of the beneficiaries report a positive impact on profits, and as we would expect this impact is strongly correlated with the impact on turnover. To some extent this also applies to the impact on job creation (reported by 50%), although in some cases the advice of an expert resulted in a self-chosen reduction of employment due to efficiency

³⁸ Very little data was available for this relationship to be tested statistically. Export share is measured using a categorical variable with five categories (0%, 0-25%, 25-50%, 50-75%, 75%+). Given the limited sample size only a binary dependent variable could be constructed (has the export share increased or not?), and simple regressions using this binary dependent variable did not reveal any meaningful patterns.

measures and capital investments. The Advent Press in Accra, fully owned by a religious organization, is very positive about the impact of the PUM mission on sales and profit. Its staff reported: “Our output has increased because the productivity of machines has gone up. The quality of our jobs has improved and that is why sales went up, although the mission did not focus on sales. Therefore we attribute most achievements to PUM.”

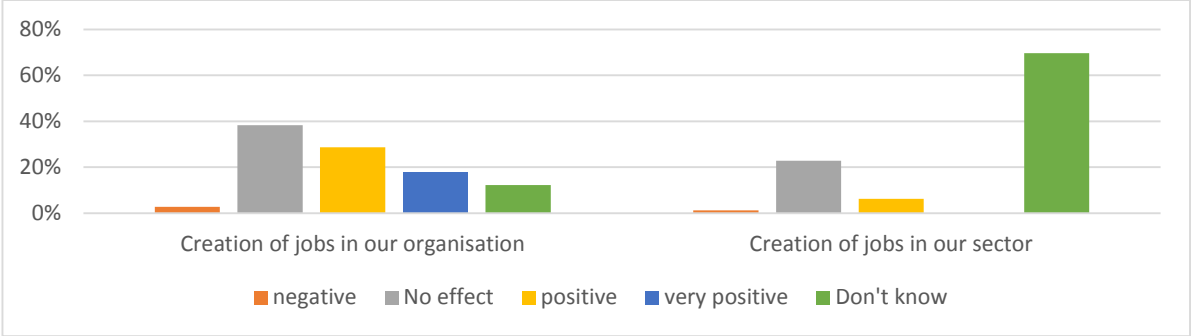
Figure 4.6: Change in turnover and Profitability, % of total number of companies interviewed



Source: interviews with 79 SMEs in Colombia, Ghana Indonesia and Tanzania

During the field visits there were other clear examples of successes. In Tanzania the PUM expert supported the Sluis Brothers to start a butchery in addition to their other meat producing activities. PUM experts assisted in various ways: drawing up the business model, gave advice on types of livestock, equipment, and on the facilities for smoked meat and cooling. Most of the (2nd hand) equipment was imported from the Netherlands. On the advice of PUM they are sourcing most of the meat processing ingredients from the Netherlands. The Sluis Brothers acknowledge that the technical inputs from PUM (three missions) have enabled them to set up a profitable business. They have introduced better livestock into the area and into the country. The company currently employs 20 permanent staff and a number of casual workers.

Figure 4.7: Employment generated as result of PUM advice



Source: interviews with 79 SMEs in Colombia, Ghana, Indonesia and Tanzania

In Colombia PUM advised Maquiempanadas S.A.S., a small company producing machines to make empanadas. It was established in 2010 grew rapidly to 15 employees in 2015. The PUM mission in May 2015 addressed issues related to HRM and product quality. The PUM expert reviewed the organisation, gave advice on HRM, management of the quality level of the manufacturing process and on customer relations management. With a view to increase e-commerce (especially to the USA), the layout of the website was reviewed as well, now also including English content. The PUM expert provided some follow-up recommendations via Skype. The recommendations were successfully implemented and as a result Maquiempanadas has continued to grow, with a further increase in employment (to 20 persons in 2016) and a 50% increase in profitability.

The majority of SMEs reported employment increases, although often rather small. Figure 4.7 shows the impact on employment as reported by the interviewed companies during the field visits. It shows

that close to 50% of them experienced an increase in employment after the visit of the expert. They also mentioned that this increase can be attributed to the changes as recommended by the PUM expert. In about 40% of the cases employment did not increase, whereas in a few the number of employees was reduced as a result of the recommendations of the expert. According to the interviewed company staff there was no spill-over in terms of employment to similar companies in the sector, or they did not know.

4.3 Is it, given available information, possible to give an assessment of the effectiveness of the current geographical and sectoral spread? Would a different spread be more or less effective?

In the previous section we discussed the impact of changes in practices on turnover, profits and employment. For the present evaluation question it was checked whether country status (OECD-DAC) has any influence on the conversion of practices into these business outcome variables. It turned out that country status has no significant impact on the outcome. This conclusion is, however, based on a relatively small sample from PRIME data. With the current data, we cannot state that a different geographic spread would be more effective. Based on the findings reported in the previous chapter, one would expect that missions to less developed countries and regions are more effective, assuming that the higher impacts on reducing gaps in knowledge and practices are translated into higher impacts on sales, profits and employment. The statistical model, however, shows that the change in practices is the only significant variable for explaining differences in outcome³⁹. The programme's effectiveness could only be enhanced by focussing on SMEs with a low initial level of practices and a strong potential for growth, no matter in what country.

In view of the small sample size for the three models that explain effectiveness of the PUM programme (ranging from 114 to 226), it is rather difficult to assess the sectoral spread. Therefore, it has only been tested whether missions to production-oriented firms are more effective than to service and trade-oriented firms. This variable turned out to be insignificant in all three models. The only company characteristic that does matter is firm age as younger companies are expected to report higher changes in employment than mature firms.

4.4 How does the effectiveness of sector specific programmes relate to the effectiveness of the individual interventions?

With its support to BSOs that aim at creating an enabling environment for SMEs and with the organisation of sector specific programmes, PUM tries to reach more SMEs with a view to efficiently address common problems. BSO support⁴⁰ is expected to strengthen the SME community when it concerns BSOs that represent and lobby for SME interests with policymakers and other stakeholders. Sector specific programmes include training or seminars for a group of SMEs with a view to inform them about how to tackle general problems they are facing. These programmes often also include short visits (less than the two weeks in the individual SME support) to the participants to assist them with their specific problems.

Given the character of the BSOs and these sector programmes, the evaluation team faced serious difficulties to assess the effectiveness of this type of PUM activities. Support to a BSO as an organisation certainly improves its operations, as was mentioned several times during the visits to the case study countries. And it is most likely that SMEs benefit if the PUM support improves the

³⁹ Also interaction variables turned out to be insignificant.

⁴⁰ It should be noted that there is a difference between support to a BSO as organisation and support to a pool of SMEs in which the BSO is a partner. PUM's database does not distinguish between these two approaches. Only the latter is considered a sector specific programme.

(organisational) performance of the BSOs. The effectiveness of BSOs regarding their role in representing and promoting the SME sector and of the sector specific programmes depends, however, heavily on the extent to which the participating SMEs benefit from them, for which there is hardly any information. Evaluation of PUM's support to training institutions, such as the special programme of training institutions (e.g. Vehicle), face similar problems. The staff of the SMEs trained are expected to translate what they have learned into practice to the benefit of the SMEs. Similarly, performances of BSOs that defend the interests of their constituency should be judged on the basis of their successes. Although during the de-briefing sessions of the missions to these BSOs and programmes the experts make a judgement about the effectiveness of the support, there is hardly any information about these "second-line" effects. Neither PUM's own database nor the information collected by PRIME give any clue about the improved performance of the clients of the BSOs or of the special programmes after a visit of a PUM expert. Therefore we have to base our impressions on the verbal information from the interviews during the field visits with the representatives of the BSOs and SMEs, with other local stakeholders, and with PUM experts.

The impression from these interviews is that the PUM missions have in general achieved the objectives formulated for these assignments. The interviewed BSOs reported that they have benefited much from the inputs of the PUM expert. The recommendations of the PUM experts were highly appreciated and did not only enlarge the organisational knowledge but also improved the ways they operate to the benefit of their members (clients). As far as the interviewed representatives of the SMEs – some were member of such an organisation – could judge, they were positive about the performance of the BSO after the visit of the expert. The (admittedly small number of) interviewees are of the opinion that the contribution from PUM was beneficial for the clients of the BSOs. The picture of the special programmes is mixed. With the assistance of PUM, Danass Motors Company (based in Kumasi) organized a successful training in how to use on board diagnostics for 22 members of an association of garage owners. They expressed that "Because of the PUM expert, we understand and do things better now. Our expectations were met: he explained and demonstrated auto computer principles. Before he came, knowledge of the auto computer was low." It is most likely that this course indeed contributed to a better performance of the participating SMEs and to more employment. The Ghana report also refers to a seminar on design which had hardly an impact on turnover or employment. Reason mentioned being that the seminar was mainly focused on transfer of knowledge and on the promotion of trade between Ghana and the Netherlands. For Indonesia it appeared to be virtually impossible to 'guesstimate' the effects of the sector wide approaches, apart from, as said, verbal confirmation that they were useful. BSOs and the sector specific programmes play a, at the moment still limited, role in reaching companies with less than 10 employees. This category of companies is being served through training about common topics, sometimes followed by individual support. Given the poor conditions of these companies this approach fits well with the objective of poverty reduction. Unfortunately data is missing to determine its effectiveness for reasons explained above.

4.5 Is it possible to enhance the effectiveness of PUM through a stronger collaboration with other PSD-programmes?

As has been discussed in section 3.4 of this report the implementation of the recommendations of the PUM experts to the individual SMEs is often frustrated by external conditions, which reduces the effectiveness of the PUM programme. Most other PSD programmes are focused on reducing such external constraints. More collaboration in such a way that PUM advises on the internal problems of SMEs and that other PSD donor programmes focus on solving external problems could raise the effectiveness of the programmes of both partners. There are additional advantages as well. PUM has a rather unique position in the PSD donor community with its large pool of very experienced experts. Given this access to experts PUM could certainly play a role in other PSD programmes financed by

the Dutch government. Such a role could take different forms, varying from actual involvement of PUM experts in the execution of the other PSD programmes to providing them with information about SME development and potential winners (SMEs) in the partner countries these programmes are targeting. In return, PUM can learn as well from experiences of other PSD programmes that support SME development in developing countries and synchronize its activities with them in order to raise their effectiveness. In addition, PUM can benefit from information about for example the most constraining external factors that frustrate SME performance, which can be taken into account in the assessment of the applications for support.

In spite of these examples collaboration is still exceptional. PUM's efforts to set up working relations with other PSD programmes has only been successful in a limited number of cases. PUM has taken the initiative for the PSD platform and pleaded for involving PUM experts in projects/programmes focused on the SMEs. This has resulted in collaboration with CBI in Peru, Colombia and Suriname, with SNV in Kenya, Rwanda and Uganda, and with SPARK in Somalia and Liberia. Reports about experiences with PUM experts are positive.

In practice collaboration seems to be difficult for different reasons. First, depending of the alternative sourcing of expertise by the partners it could easily lead to crowding out of commercial service providers and therefore collaboration would conflict with PUM's principle of being additional. Secondly, it would require a more active exchange of information about what PUM is actually offering, doing and where. During the field visits, when discussing this issue it became clear that potentially interested PSD partners were not informed well about PUM's activities in the countries and therefore did not know how to involve PUM in their activities. Another obstacle for cooperation is that the existing PSD programmes are largely focusing on the provision of credits to SMEs through financial intermediaries. These financial institutions rely almost exclusively on their own supporting mechanisms to their borrowers and if not they often prefer commercial agencies. As a result, at the moment collaboration is exceptional, whereas it could increase the effectiveness of both PUM and other PSD institutions.

4.6 How does the demand system work? Does PUM have the right incentives for ensuring the effectiveness of this system?

The local representatives of PUM play a crucial role in identification and selection of SMEs and BSOs and in the promotion of PUM support to the individual SMEs and BSOs. Apart from idealistic motives related to helping SMEs in need for support, their incentive is the fee they receive for a successful application. Successful is first of all defined in meeting the criteria applied in the assessment of the application. These are in particular focused on relevance defined in this document as closing the gaps in knowledge and practices in the individual SMEs rather than on to what extent the support is expected to contribute to growth and employment. Similarly the country and sector coordinators who in the end approve the application or not, test it on the basis of the criteria of relevance. At best the additional documents explain that if the gaps are addressed successfully it will result in growth of the company and of employment and as such reducing poverty. From interviews with the local representatives and the country and sector coordinators it became clear that they implicitly assume that as soon as the problems of the SMEs are solved this will lead to a better performance and to more employment. And indeed this assumption is confirmed by the regression analysis presented earlier in this chapter.

During the evaluation period, over 200 local representatives have been active for PUM in the target countries. In most countries there are more than one representative active, often responsible for a specific region within the countries. The regional distribution of the visits described earlier shows that some regions, and in the case of Indonesia and Ghana the most backward provinces, are not served. Main reasons mentioned being that less developed countries (regions) do not possess a well-developed SME sector, that there is a lack of supporting infrastructure and that the demand for

support from these regions is limited and also that therefore the risk for failure is great. Yet, given the objective of poverty reduction it would raise the effectiveness of PUM's system when more focus is given to these, admittedly from an operational point of view difficult, regions/countries.

The representatives select the SMEs and BSOs on the basis of their private networks and they are often appointed because of these networks. This could result in a bias in the selection of projects. SME owners being part of such networks are often characterised as dynamic entrepreneurs and therefore well equipped to go after opportunities as they recognise them. Such an entrepreneurial attitude and the related commitment may indeed increase the effectiveness of the support. Yet, entrepreneurs who are less active in networking may miss the opportunity to benefit from the programme, while they might need it most. Potential effects on growth, employment and poverty does not play an explicit role in this selection process.

As explained earlier in this report, PUM requires a contribution from the beneficiaries for the costs of a mission. They should cater for lodging and local transportation of the visiting PUM expert. In case there are follow-up missions they are required to pay an additional fixed amount of €700. In the philosophy of PUM these contributions increase the commitment and the ownership of the expert's visit and his/her recommendations. They are therefore prepared to introduce the changes proposed by the PUM expert. This indeed increases the effectiveness of the programme. From the interviews during the country visits it became clear that there is a positive relation between the success of the 1st mission reflected in a better performance of the company and the willingness to pay for the services provided. The companies that consider the 1st visit a success had with hindsight be willing to co-finance the mission as well.

Probably because the request for a 2nd visit reflects the success of the first intervention PUM recently introduced as a pilot in Indonesia that beforehand there should be an agreement on two missions with the beneficiary paying the fixed amount for the second mission up-front. Interviewed entrepreneurs admitted that based on their experience during the 1st mission a second could have been useful but that he/she was not able to raise the required co-funding. This was particularly the case for the relatively small companies. This information is an indication that the new policy might be biased against the smaller SMEs.

Considering the large number of missions per year from a quantitative point of view the demand system works well. The relatively small number of proposals that are rejected during the assessment process in PUM headquarter indicates that the local representatives know well how to deal with the criteria that reflect PUM's policy priorities. As shown earlier in this document the majority of the missions actually executed have contributed to solve the gaps in knowledge and practices and as such contributed to the achievement of the ultimate objectives. From this point of view the demand system generates a more or less continuous flow of projects that in total contribute to the achievement of the objectives. However, there are some weak parts. First, there is a certain bias against regions, where SMEs are confronted with larger bottlenecks. Support to this category of companies could be more effective. Although it was difficult to check during the visits to the case study countries, the compensation to local representatives for each successful mission has the risk that they go after the easy assignments without judging them in terms of effectiveness. Continuous monitoring of the activities of the local representatives is required to prevent them from following their own agenda.

4.7 To what extent do business link interventions result in economic relations?

Several indicators are available to measure the effectiveness of PUM with regard to promoting trade and export with the Netherlands. Business links are defined by the ToR as "a follow-up activity to a project of PUM and consists of a visit of a local company to the Netherlands with the aim to sell or

buy goods or services or to enter into joint ventures”. They are registered by PUM as Business Link Project (BLP) or as training. BLPs explicitly aim to promote trade, while training sessions in the Netherlands first and foremost focus on the transfer of knowledge and skills. PUM decided to stop organising training sessions in the Netherlands from 2015 onwards. It also happens that PUM missions result in non-registered business links: companies visit one or more firms in the Netherlands but not through PUM. Beneficiaries, local reps, experts and other stakeholders sometimes refer to these visits as “business links” but there is no information on these links. And finally, PUM missions may result in trade without a business link. Experts assist firms with importing machinery or inputs from the Netherlands or with exporting their goods to the Netherlands. In the remaining answer to this evaluation question we will mainly focus on the effectiveness of the official business links as registered by PUM. An effective or successful business link results in trade between an assisted company and one or more Dutch firms.

The PRIME expert survey asks experts whether he or she has been able to realise a *successful* business links, e.g. a business link that resulted in trade. This can be a registered business link project (BLP) or an non-registered business link. Non-registered business links may involve a visit to the Netherlands but not necessarily. Only 77 responses could be connected to official business links, including 18 training project. Only 6 of the 59 official business links were classified as “successful”, and hence effective in realising trade. This is less than 10%. In most cases experts fill in the survey a couple of years (on average 2.5 years) after the mission took place.

Table 4.2: Effectiveness of “official” PUM Business Links

		PRIME survey: successful BL?		
		No	Yes	Total
Official business links as registered by PUM	BLP	53	6	59
	Training	17	1	18
	Total	70	7	77

Another question is whether missions result in trade, whether or not through a (formal) business link. Directly after the mission, experts are asked whether they have been able to realise trade between the SME and companies in the Netherlands. It is interesting to compare these answers with the results of the PRIME survey (see table 4.3). The results are somewhat remarkable. It could well be that PUM registers no trade directly after the mission, while PRIME does some years later (as in 48 of the 703 cases: 6.8%). It also makes sense that plans for trade have actually not been implemented (228 cases: 32.4%). But how to explain the 40 cases in which PUM reported trade while PRIME did not? The only logical explanation is that respondents sometimes not qualify trade as a “business link”. The figures also show that in about 12.1% of all missions registered by both PUM and PRIME, the expert reported a successful business link to PRIME, while in 6.5% all missions the expert reported trade between the company and the Netherlands to PUM (expert debriefing).

Table 4.3: Successful business links versus (planned) trade as reported in expert debriefings

		PRIME: Successful BL?		
		No	Yes	Total
PUM: Trade?	No	350	48	398
	Planned	228	31	259
	Yes	40	6	46
	Total	618	85	703

Of all missions registered by PUM 6.2% lead to trade, based on the expert debriefings directly after the mission. In 35.4% trade is being planned, but PRIME has informed us that plans do not always

materialise. Many experts claim that they have been able to establish contacts between the beneficiaries and the Dutch business community, although these have not (yet) resulted in trade and/or investments. These observations of the experts are consistent with the findings during the field visits of the evaluation team to the case study countries. A few of the interviewed beneficiaries confirmed that they have visited the Netherlands and that they have learned a lot during this trip. Others mentioned that they have contacts with Dutch firms, usually established through mediation of the PUM experts. However, most of them mentioned that they do not have any contacts or business relation with Dutch firms. The larger sample allows us to analyse the influence of various factors on the development of trade.

Table 4.4: Regressions business links for different sets of variables (bold is statistically significant)

	Employees	Firm age	Low income	Upper middle income	First mission	Production	Initial practices level	Constant	adj. R ²	N
Coefficient	-0.0001	0.0025	0.0552	0.0433	-0.0532	0.0408	0.0142	-0.0068	0.0204	413
P-Value	(0.588)	(0.019)	(0.054)	(0.188)	(0.086)	(0.118)	(0.225)	(0.889)		

The regression results (table 4.4) show that firm age is significantly positively related to the development of trade, suggesting that missions to older firms are more likely to result in trade. Comparing the firm on the 25th percentile of firm age to the 75th percentile, the latter is expected to have a 3% higher chance of having trade. Also the dummy variable identifying a first mission as opposed to a follow-up mission is a significant predictor of trade development, showing a negative sign (about 5% lower chance). Hence follow-up missions are more likely to result in trade than missions to a new beneficiary. Missions to “other low income” countries show a 5.5% higher chance of trade development compared to lower middle income countries⁴¹. This last findings should however be treated with caution since it is not robust to changes in model specification. In sum, the regression results suggest that follow-up missions are most likely to lead to business links, and especially when older firms are targeted One would maybe expect that missions to production-oriented companies are more likely to result in trade, but this cannot be confirmed by the statistical model (the coefficient is positive but insignificant).

The field visits confirm that the establishment of business links in the form of increasing trade with the Netherlands has been limited. Most experts kept contact with their clients for some period, also with a view to mediate between them and potential Dutch partners, but this has not resulted in tangible flows of goods and services. This particularly applies to Tanzania and Colombia. The effects on trade with Indonesia and Ghana are positive but modest. In both cases 30% of the respondents declared that trade has increased. In Ghana, for example, much is being expected from the advices of a PUM expert to the design sector. In Indonesia, a leather company managed to enter the Dutch market after a PUM expert advised the company on how to improve both the organisation and the design of its leather bags.

⁴¹ The category “other low income countries” comprehends a relatively small number of missions compared to other country categories. Kenya and Kyrgyzstan are the most visited countries in this category.

5 Efficiency

5.1 Given available information, is it possible to give an assessment of the efficiency of the management of the programme?

The efficiency of PUM can be measured by analysing the ratio between outputs (missions) and inputs (budget, ftes, number of volunteers, etc.). Since PUM is a unique organisation it is difficult to compare its efficiency with other PSD organisations. The organisation is to a large extent run by volunteers which results in low operating costs compared to its outputs. It is possible, however, to assess changes in efficiency over time. Table 5.1 presents some indicators of efficiency, based on the information presented in chapter 2. The overall conclusion is that PUM has become less efficient in using human resources (staff and volunteers). While the organization has become bigger, the number of missions, business links and experts in the database declined. One could argue that volunteers are “free of charge” (no costs) and hence should not be included in output/input ratios, but also the efficiency indicators relating outputs to staff show a downward trend (less efficiency). There is one exception: country coordinators cover more countries in 2015 compared to 2012. Another observation is that PUM has succeeded in reducing the out of pocket costs per mission, notably because the costs of international travel declined. In this respect the organisation has become more efficient.

Table 5.1: Efficiency indicators

	2012	2013	2014	2015
Experts/staff	70.4	64.4	59.8	57.2
Missions/staff	39.1	39.3	36.5	35.2
Experts/(staff + volunteers)	20.1	18.3	16.7	15.0
Countries/country coordinator	1.21	1.24	1.16	1.29
Missions/(staff + volunteers)	11.2	11.2	10.2	9.2
Missions/local representatives ⁴²	8.0	8.8	8.2	6.2
Business links/staff	4.6	4.4	3.6	2.3
Out of pocket costs/mission	€ 3.019	€ 2.607	€ 2.577	€ 2.317

Another indicator of efficiency is the overhead compared to direct costs (costs directly associated with a mission) or total costs. For PUM, this percentage would be very high since the direct costs are very low, due to the contributions by volunteers. In order to get a more realistic estimate of PUM’s overhead – compared to commercial organisations – we have valued the missions of the PUM experts applying commercial rates for the days they spend in the field taking into account an average length of a mission of 15 days.

⁴² All local representatives registered in the PUM database in a year.

Table 5.2: Estimated costs for missions

	2012	2013	2014	2015
<i>Assumptions about days per mission and fees</i>				
Number of missions (A)	1.875	1.964	1.900	1.710
Average number of days per mission (B)	15	15	15	15
Total number of days spend on missions (A*B)	28.125	29.460	28.500	25.650
Estimate average commercial daily fee (C)	€ 1.000	€ 1.000	€ 1.000	€ 1.000
Total labour cost estimated at commercial daily fees (A*B*C)	€ 28.125.000	€ 29.460.000	€ 28.500.000	€ 25.650.000
<i>Out-of-pocket expenses, source annual accounts:</i>				
- Voluntary staff reimbursement	€ 297.402	€ 325.029	€ 340.878	€ 357.331
- Direct project costs	€ 4.659.418	€ 4.433.662	€ 4.191.873	€ 3.571.037
- Representatives	€ 703.171	€ 361.912	€ 363.524	€ 309.523
Total out-of-pocket	€ 5.659.991	€ 5.120.603	€ 4.896.275	€ 4.237.891
Total costs missions valued at commercial rates	€ 33.784.991	€ 34.580.603	€ 33.396.275	€ 29.887.891
Total overhead related to missions	€ 6.208.483	€ 7.043.937	€ 7.417.706	€ 7.898.353
Overhead as % of direct mission costs	18%	20%	22%	26%
Overhead as % of total costs	16%	17%	18%	21%

The calculations show that, given the assumptions made, the ratio of overhead costs to mission related costs increased from 18% to 26% during the 2012-2015 period, which is in line with the trends reported above based on efficiency indicators. The ratio for 2015 compares high to what is common in a more commercial environment, in particular because we did not take into account the labour costs of volunteers who support the head office, such as country and sector coordinators. Given PUM's exceptional character of working with volunteers it is, however, virtually impossible to judge the absolute value of this ratio. Yet, the ratio shows a substantial increase during the evaluation period. One explanation is that PUM increased its efforts to mobilize non-DGIS sponsors for its funding. Another possible reason is that the number of missions declined due to the introduction of PRIME and the new ICT system. Expectations are that the number of missions will increase again in 2016, which would imply improved efficiency.

While PRIME mainly focuses on collecting data on relevance and effectiveness, PUM's own M&E system also collects indicators of efficiency. This includes information on inputs and outputs as discussed above, but also on the efficiency as perceived by customers (beneficiaries). For example, beneficiaries are asked to indicate how they experienced the application process in terms of communication and speed of handling. The interviews with the beneficiaries in the case study countries revealed that most of them were satisfied with the accurateness of the process and many of them mentioned that they were surprised about the quick processing of the application/approval and also about the limited timespan of mobilizing the expert. Out of the 79 interviewed SMEs, 65 gave PUM a score of good to very good. However, a small number of the interviewed persons complained about the fact that the expertise of the expert did not match with the problems to be addressed. In our sample, only a few beneficiaries complain about bureaucracy. Several experts and local representatives complained about the increasing (digital) paperwork, which in some cases resulted in delays or even unnecessary cancellations during the application process. They also refer to the emerging "survey fatigue" among experts and volunteers, who have to answer numerous questions for the M&E system of PUM. Better integration between PUM and PRIME and a critical review of current surveys could make the organisation more efficient⁴³.

Based on interviews with PUM and its stakeholders, and an analysis of its M&E system, it can be concluded that the procedures of PUM are straightforward. With help of the local representative the potential beneficiaries prepare the application for the assignment, which is sent to PUM headquarters. The assessment of these applications is being done by the sector and country

⁴³ Please note that also the external evaluation – of which this report is the result – is part of this M&E system.

coordinators and there is a check on the financial implications. This process also involves the selection of the expert. A relatively small number of applications is rejected because they did not meet the PUM criteria. An even smaller number of requests could not be rewarded because the needed expertise was not available within the pool of PUM experts. In the application process the role of the local representative is essential. He/she identifies the potential beneficiaries and supports the preparation of the applications. The pay-for-performance approach is not only an incentive for the quantity of applications but also for their quality, meaning meeting the PUM criteria.

In conclusion, PUM collects sufficient information to measure efficiency over time, but it is difficult to compare efficiency with other organisations. Both output-input indicators and estimates of overhead/cost ratios (at commercial rates) suggest that PUM's management has become less efficient in using human resources during the years of the evaluation (2012-2015). If we only look at out-of-pocket costs, however, the organisation has improved its efficiency. Most beneficiaries are positive about the PUM organisation: the application process is well organised and there are no clear signs of avoidable bureaucracy, although the increasing number of procedures related to the M&E system require attention.

5.2 Is the current geographical and sectoral spread efficient?

The efficiency of the geographic and sectoral spread can be measured by analysing efficiency indicators as discussed above. For assessing the efficiency of the geographic spread we suggest using the average number of missions per local representative per year on a country level. The number of local representatives gives an indication of the amount of efforts PUM puts in a country, even if the local representative is paid on a "no cure no pay" basis⁴⁴. The figures show that this indicator varies widely. Countries like Afghanistan, Montenegro and Zimbabwe are relatively inefficient, with on average 0.3 to 2.7 missions per local representative per year⁴⁵. At the other extreme, local representatives in countries such as Nepal, Morocco and Suriname generate more than 25 missions per year. PUM's target is a minimum of 10 missions per local representative. The majority of the countries (44 out of 74) do not succeed in realising that goal, which suggests that the programme's efficiency could be improved by focusing on countries with a higher output per local representative. There is no clear relation between the development stage of a country (OECD-DAC status) and the efficiency of the programme, measured by number of missions per local representative⁴⁶. The programme appears to be more efficient in Latin-American countries (with on average 18.5 mission per local representative) than in African (14.4) and European (14.5) countries. Asia comes second with on average 16.2 missions.

Although the indicator discussed above provides some useful insight in how PUM operates in different countries, its validity as an indicator of cost efficiency is questionable. Most costs of PUM relate to overhead on programme level or can be directly linked to missions (e.g. costs of travel). The marginal costs of being present in one additional country are very low. Country coordinators are volunteers and local representatives are paid for each successful mission only. The costs of having one extra country are limited to the travel costs of a country coordinator or a staff member (often only one visit a year). Therefore we conclude that – although there are differences in the output-input ratios – a different geographic spread would not necessarily improve PUM's efficiency. If PUM decides to end its activities in one country, the organisation has to intensify activities in another

⁴⁴ Local representatives can be associated with countries. For country coordinators this is more difficult because some of them serve more than one country.

⁴⁵ For Afghanistan and Zimbabwe the low efficiency can be explained by the difficult social and political circumstances in these countries, whereas the portfolio for Montenegro was scaled down because of its income position.

⁴⁶ LMICs perform slightly better, but the differences are not significant and not stable during the evaluation period.

country in order to keep the total number of missions at the same level (in line with the agreement with the Ministry). Country coordinators are expected to generate 50 to 60 missions a year; therefore, they sometimes have to cover several countries. When PUM (re)enters a new country, this requires additional investments: the country coordinator has to visit the country one or two times in order to check the potential for PUM missions. Stability in the list of countries raises efficiency because it allows PUM to build upon the experience of local representatives with handling the applications and smoothing the visits of experts. Such a strategy also creates an environment in which the local beneficiaries exchange information about how to apply for support, and where they share their experiences with other SMEs.

The arguments above also apply to sectors. The number of missions per sector (and sector coordinator) varies to a great extent. But the costs of having an extra sector coordinator are minimal. Of course PUM could still decide to redefine sectors in view of a low number of missions, e.g. by making someone responsible for two (related) sectors (as happens with countries). However, such a measure should not be interpreted as a change in the sectoral spread.

In conclusion: from an efficiency point of view, one could argue that it is better not change the list of countries covered by PUM too often, because such changes hardly influence the programme's efficiency and because of PUM's investments in local networks. There is also no need to reduce the number of sectors.

5.3 Are sector specific programmes more cost-effective than individual interventions?

As discussed in section 4.4 it is difficult to analyse the effectiveness of sector-specific programmes (involving visits to BSOs but also multiple visits to SMEs in the same sector) versus individual interventions. PRIME does not collect data about the results of visits to BSOs, and sector-specific programmes involving multiple visits to SMEs cannot be clearly distinguished in the data. In Ghana, for example, we found that some sector-specific programmes are registered as a visit to one single company: in that particular case, the expert had to visit several firms in only two weeks. In section 4.4 we concluded that the effectiveness of sector-specific programmes is not necessarily higher than for missions to individual firms. Comparing outputs and outcomes with the costs of organising such missions, one could argue that the costs per assisted SME are generally lower for sector-specific programmes: their outreach is larger. A counter argument, however, is that such programmes tend to be more general: this particularly applies to sector approaches that only involve training. They assist companies with acquiring particular knowledge and skills, thus tackling general problems/issues that companies in the sector are confronted with, but not necessarily with solving specific issues in the companies. This means that sector programmes might be less effective in improving SME performance. Also in our (focus group) discussions with experts, local representatives, sector coordinators and country coordinators, there was no consensus on this issue: some clearly prefer a sector-oriented approach claiming that such an approach would be more effective, while others prefer individual interventions. Possibly this has to do with the fact that sector-specific programmes require different expertise. One-to-one missions require skills to assist and advise a company, while BSOs and sector-specific programmes often (also) require training skills. This particularly explains why experts have different views on this issue.

6 Forward Looking Questions

6.1 Is there scope to strengthen the links between ‘aid and trade’ in the PUM programme, while maintaining a development focus?

By combining insights from answers to evaluation questions discussed above, it should be possible to present an answer to this “forward looking question” about the potential synergies between aid and trade in the PUM programme. First, we can confirm that during the evaluation period PUM has mainly focused on the provision of aid, and not so much on developing trade. This particularly becomes clear when analysing the procedures in place to ensure the programme’s relevance. The potential for trade with the Netherlands is not an issue in the application process, nor in the selection of countries or regions covered by PUM (e.g. by local representatives). The programme does focus on some sectors with export and trade potential, but in reality the programme is highly demand-driven. As discussed in section 4.7, a relatively small portion (around 6%) of the missions leads to trade. From interviews we learned that most experts are driven by the motive to provide aid, and not by the motive to create trade, unless these two can be combined: for example, when they can ship a (relatively cheap) second-hand machine from The Netherlands to the country and beneficiary in question. In several cases, however, experts advise to buy inputs from the Netherlands that are clearly out of reach for the beneficiary, due to limited budgets and low access to capital. In these case aid and trade cannot be combined.

In section 4.7 we also concluded that the country’s level of development (OECD-DAC status) has no significant influence on the development of trade with PUM-assisted firms. This would imply that changes in the country mix are not the answer to the question on how to stimulate the combination of aid and trade. Based on data, we find no convincing argument either to change the sector mix: there are no significant differences between production- and service-oriented firms. Several interviews and focus groups with beneficiaries, local representatives, sector coordinators and country coordinators, however, do suggest that trade and export are more likely to be generated in particular sectors. In view of the small sample that was used for the data analysis (only considering the difference between production and services, not between specific sectors), it is fair to state that PUM could indeed strengthen the link between aid and trade by focussing on sectors with “trade potential”. And obviously, this implies that there are also differences between countries (so, within the broad categories of countries). For example, some interviewees indicated that countries that were recently taken from the list because the Ministry of Economic Affairs stopped funding PUM had a relatively high potential for combining aid with trade. Relevant factors are a country’s economic structure, existing trade relations with The Netherlands and distance between the country and The Netherlands.

6.2 Is it possible to interest Dutch business more in contributing to PUM?

As discussed in chapter 2, PUM has been successful in acquiring funds from other sources than the government. So far, however, the interest of Dutch businesses in contributing to PUM financially has been marginal. Based on interviews with relevant stakeholders, we draw the conclusion that also for the coming years it is not likely that the Dutch business community will substantially increase its financial contributions to PUM. What some interviewees do claim, however, is that companies tend to become more interested in contributing to PUM by allowing their employees to do volunteering work for PUM. Through such in-kind contributions they invest in their human capital but indirectly also in their relations with relevant sectors in developing countries. Such an approach would be particularly interesting for companies if PUM would indeed manage to enhance synergies between aid and trade (see 6.1), of course without compromising its development focus. It could raise the interest in establishing business links with the local companies that are supported. An additional

advantage is that private-sector involvement in PUM would rejuvenate its pool of experts, thus helping the organisation to increase knowledge and expertise on the most recent innovations and insights available for SMEs in developing countries.

PUM could also be interesting for the Dutch business community in view of the wealth of information about SMEs in developing countries generated by PUM and PRIME (see 6.4). This information may be used to stimulate trade between the Netherlands and developing countries, whether or not through official PUM business links. Currently, the information about SMEs is hardly accessible for external parties, but it might be feasible to change this situation, for example by communicating the information through PUM's mother institution VNO-NCW.

PUM should be looking for opportunities to improve cooperation with Dutch businesses, but not to an unlimited extent. Several interviewees – both in the Netherlands and abroad – said that PUM should stick to its original mission. Other sponsors – in cash or in kind – are welcome but PUM should keep itself far away from more commercial activities such as participating in tender procedures that are also open for commercial advisory firms (notably in view of the programme's additionality).

6.3 Would a closer collaboration of PUM with other PSD programmes lead to a more cost-effective approach?

In section 4.5 we discussed the question whether cooperation between PUM and other PSD programmes would enhance effectiveness. Several arguments were presented in favour of such partnerships, notably the fact that other programmes play a role in improving the business environment in which the assisted companies operate. Changes in business practices attributable to PUM only predict a small part of the changes in performance as demonstrated by our statistical analysis. On the other hand, PUM's bottom-up approach could complement the top-down approaches of other programmes, thus enhancing their effectiveness. Also we mentioned the possibility that human resources (experts, volunteers) and data sources (information) could be used to their full potential, in PUM and other programmes. Based on interviews and focus groups, we find sufficient support for the claim that closer cooperation with other PSD programmes would lead to a more cost-effective approach. Whether this will actually materialise in practice, is more difficult to say, particularly because such cooperation is still rare and also because there is insufficient data about these exceptional cases⁴⁷. Reports are positive, but additional research would be needed to verify the claims. Moreover, some obstacles need to be overcome. Some interviewees state that the differences between PUM and other PSD programmes are too large: they might be complementary but not compatible. Others emphasize that cooperation could harm the level-playing field, notably if it would lead to competition with local suppliers of knowledge. These obstacles need to be taken into consideration when discussing the possibilities for cooperation between PUM and PSD programmes.

6.4 Is it possible to make better use of information, generated by PUM, for helping to strengthen the business climate in countries where PUM is active?

PUM generates a wealth of information on the characteristics and performance of SMEs in developing countries, as we discussed in various sections above (see, for example, 3.3 and 4.1). Notably through PRIME the programme provides insight in relevant indicators such as changes in knowledge and practices, turnover, employment, profitability, the share of export in turnover, etc. In the present evaluation we used data from the first cohorts to analyse factors that influence the performance of SMEs (see sections 3.4 and 4.2). When more data will become available, it will be possible to get an

⁴⁷ Collaboration with CBI in Peru, Colombia and Suriname, with SNV in Kenya, Rwanda and Uganda, and with SPARK in Somalia and Liberia.

even better understanding of the relation between company characteristics (e.g. size, age, ownership, sector, etc.), business environment characteristics (e.g. region, country, stage of development, etc.), interventions (e.g. PUM and business links, but possibly also other interventions) and business performance. PRIME also carries out qualitative case study research to gain better insight in contextual conditions (e.g. aspects of the local business environment) that influence the effectiveness of interventions. It is too early to draw conclusions on the usefulness of these qualitative case studies, but the outlook is promising.

Information generated by PRIME can be used to enhance the performance of the PUM programme, e.g. by focussing on specific sectors and regions/countries or companies with particular characteristics. Based on these insights, additional criteria could be formulated in the application stage to make the programme more relevant and effective (e.g. by making a bigger contribution to strengthening the business climate).

Furthermore, data generated by PUM and PRIME is potentially useful for other public and private actors: local governments, BSOs, educational and knowledge institutions, private investors and other PSD programmes. BSOs might use the data to learn how to support businesses effectively, while educational institutions could find out what gaps in knowledge and skills still exist. For local, regional and national governments – and other stakeholders – the data generate insights on how to strengthen the business environment. PUM could stimulate experts to use the data or set up specific programmes focusing on these target groups (such as Vehicle and the pilot programme that targeted governments). Or, alternatively, PUM could simply make the data available for other organisations. Several interviewees stated that PUM should share its data with other relevant parties, such as Netherlands embassies and other Dutch PSD programmes. This particularly seems feasible for anonymous data (e.g. on the level of sectors, regions and countries). Information about individual firms cannot be shared with other actors, unless these actors become formally involved in PUM and/or beneficiaries formally allow PUM to share information with one or more actors.

7 Conclusions and recommendations

7.1 Conclusions

Relevance

PUM guarantees its relevance by applying adequate criteria for the selection of countries, sectors and beneficiaries. However, PUM is essentially “demand-driven” which explains why the programme cannot fully avoid giving support to missions that contribute little to the reduction of gaps in knowledge and skills. Relevance could be enhanced by making more explicit how PUM intends to ensure a contribution to closing gaps in knowledge and skills, e.g. by introducing additional/other criteria in the application stage. Currently the selection of countries, regions and beneficiaries is mainly driven by “chance of success” and not so much by “chance of impact”.

Mostly through PRIME, PUM has access to relevant data on the relevance of individual projects. The majority of the projects reach their objectives and contribute to closing gaps in knowledge and practices, as confirmed by the country studies. The programme has a clear focus on poverty reduction, but there are no mechanisms in place to focus on the poorest countries or regions within countries. We found no correlation between the presence of PUM (the number of missions per 1 million inhabitants) and a region’s or country’s level of development (e.g. measured by average income). Missions to lower-income countries tend to involve more risks (the success rate is significantly lower), but if they are successful they generally result in significantly larger contributions to the programme’s and therefore of the ministry’s objectives (closing gaps in knowledge and practices with a view on the eradication of poverty). These results support a stronger focus on the least developed countries.

Furthermore, results indicate that the initial level of knowledge and practices has a positive influence on the change in knowledge and practices, suggesting that PUM could become more relevant by focussing on SMEs with a high potential to absorb new knowledge. Another finding is that company size (the number of employees) has a positive influence on reported success (meeting the mission’s objectives), but no influence on the contribution to closing gaps in knowledge and skills. In view of the large number of small and micro companies in developing countries, relevance could be enhanced by ensuring that these groups of companies are actually reached by PUM: directly or indirectly (e.g. through sector-specific programmes or missions to BSOs). The country studies reveal that missions to single companies rarely result in knowledge spill overs to “competing colleagues”. Group- or sector-oriented programmes are therefore needed to make substantial contributions to poverty reduction.

Additionality

PUM checks to some extent whether subsidised missions to SMEs or BSOs are additional, following the criteria of DCED. Nevertheless we do observe some possibilities for improvement, particularly regarding the check on the SME’s ability to finance similar advice by own means. In a few exceptional cases entrepreneurs own several companies and seem to be able to invest in their own company. Entrepreneurs often argue that PUM advice is unique: they highly value the advice of a foreign expert. They claim that local or international consultants are not willing or able to provide the same kind of advice, or only at costs they cannot afford. Results from the field visits suggest that some companies are willing and able to cover some of the costs (e.g. the international ticket of the expert), but in general they cannot afford a commercial alternative. The programme’s additionality could be improved by focussing on companies with low access to capital (an indicator for the ability to pay) and low initial levels of practices (an indicator for the ability to improve practices without support). This combination is mainly found among younger firms as one would expect.

Effectiveness

With the creation of the PRIME partnership, PUM has made a significant step forward in collecting data on the effectiveness of its activities. Since PRIME started collecting data on the performance of PUM-assisted firms only a couple of years ago, the current evaluation is based on a relatively small sample. Nevertheless PRIME data has already proven its usefulness to measure the programme's effectiveness. The most interesting finding is that changes in practices attributed to PUM – as stated by beneficiaries – explain to some extent changes in performance (turnover, profit and employment). This finding is supported by insights from the case studies which present several more qualitative examples of companies that have been able to enhance their performance with the assistance of PUM experts.

Of course, we must realise that numerous other factors influence such changes in outcome variables, but by combining PRIME data with our own research we find sufficient evidence that PUM experts are able to make a change in only two weeks' time. Both sources also suggest that the impact on employment is somewhat lower than the impact on sales and profit. PUM missions to younger firms are more likely to result in new jobs than missions to mature firms: a possible explanation is that PUM experts advise young firms on how to grow, and mature firms on how to become more lean and efficient, which sometimes involves a reduction of jobs. We found no significant influence of country status on effectiveness and also there is no difference between missions to production-versus services-oriented companies. More data would be needed to explore differences in effectiveness between specific sectors (e.g. within production).

Sector-specific programmes are not by definition more effective than individual interventions, but there are some strong arguments in favour of such programmes. Sector-specific programmes will only be effective if they manage to translate changes in knowledge into changes in practices. This can be done by offering hands-on training sessions but also by combining seminars or trainings with missions to individual companies. Furthermore we conclude that PUM hardly collects data on sector-specific programmes. BSOs are not included in PRIME and it is not clear from the data if a single mission is part of a sector or group approach.

Collaboration with other PSD programmes could enhance PUM's effectiveness, but there is no data available to make a systematic comparison between collaborative and non-collaborative approaches. Arguments in favour of collaboration are strong though: PUM could benefit from cooperation with PSD programmes that aim to reduce constraints in the business environment.

Although it is not the primary aim of PUM to promote trade, it does occasionally succeed in setting up trade relations between assisted SMEs and Dutch companies. However, Business Links (visits of SMEs to companies in the Netherlands, registered and managed by PUM) are not necessarily needed to realise this secondary aim. Quite the contrary: Business Links rarely result in actual trade relations. The effectiveness of Business Links as generators of trade is questionable.

Efficiency

Given PUM's unique characteristics, it is nearly impossible to compare its efficiency with other organisations. PUM does collect, however, data that can be used to measure changes in efficiency over time, thus making it possible to analyse potential impacts of changes in policy (e.g. the number of countries and sectors targeted) on efficiency. Overall the conclusion is that PUM has become less efficient in using human resources, possibly due to its intensified search for other sources of funding and the introduction of a new ICT system. Most efficiency indicators show a downward trend between 2012 and 2015. On the other hand, the out-of-pocket per mission declined, which suggests increasing cost efficiency. Although the number of missions per local representative can be used to analyse geographic differences in efficiency, the validity of the indicator is questionable. It is true that more than half of the countries do not meet PUM's target (at least 10 missions per local

representative), but it is not likely that changes in the geographic spread will make the organisation more efficient. The main reason is that the marginal costs of being present in an extra country are minimal. The same reasoning can be applied to the sectoral spread. Overall, PUM is considered an efficient organisation. Beneficiaries are satisfied with the communication and speed of handling in the application stage. There are no clear signs of avoidable bureaucracy, although the increasing number of procedures related to PUM's M&E system require attention.

Without volunteers PUM would not exist. They run to a large extent the organisation at home and travel around the world to advise and support companies. Their primary motive is their wish to share knowledge and expertise with their colleagues in less well-off countries and as such contribute to the reduction of poverty. They do this with great passion as was clearly illustrated during interviews and focus group discussions. Their commitment is mentioned by virtually all beneficiaries interviewed in the case study countries. These beneficiaries were not only impressed about the professional attitude of the visiting PUM experts, but in particular also about their drive to improve the performance of company demonstrated during and after their visits.

7.2 Recommendations

- Continue the PRIME partnership. The data is useful for measuring relevance and effectiveness.
- Reconsider criteria for application. Include additional criteria to check on additionality, relevance and effectiveness. Focus on impact.
- Further streamline the M&E system by reducing the “survey burden” for volunteers and beneficiaries: avoid asking questions twice (e.g. by PUM and PRIME).
- Develop mechanisms that ensure a focus on poverty, in the selection of countries and regions within countries.
- Explore opportunities to develop more sector-specific programmes and monitor their (cost)effectiveness in comparison with individual missions. Also look for other modalities to reach small and micro companies.
- Strengthen cooperation with other Business Support Programmes, e.g. by sharing data generated by PRIME and sharing human resources.
- Stick to the original mission of PUM: two-week missions of experts to SMEs. Avoid involvement in commercial activities/partnerships.
- Enhance cooperation with Dutch firms with the assistance of PUM's mother institution VNO-NCW. Update the pool of experts by including active professionals from Dutch companies.
- Continuously monitor local representatives. They are the pillars of the PUM programme. Keep on training and instructing them, and terminate their contract with PUM if needed.
- Invest in promoting and marketing PUM, not only in target countries but also in The Netherlands.

ANNEXES

Annex 1: PUM's portfolio

Table A1: Missions by continent, 2012-2015 (June)

	2012		2013		2014		2015*	
	abs.	%	abs.	%	abs.	%	abs.	%
Africa	688	36.7	780	39.7	756	39.8	351	40.3
Asia	573	30.6	575	29.3	523	27.5	232	26.6
Europe	315	16.8	296	15.1	287	15.1	124	14.2
Latin America	299	15.9	313	15.9	334	17.6	164	18.8
Total	1875	100.0	1964	100.0	1900	100.0	871	100.0

Source: PUM database, *preliminary

Table A2: Number of missions by country type, 2012-2015 (June)

	2012		2013		2014		2015*	
	abs.	%	abs.	%	abs.	%	abs.	%
Least Developed	447	23.8	563	28.7	619	32.6	286	32.8
Other Low Income	40	2.1	37	1.9	36	1.9	20	2.3
Lower Middle Income	937	50.0	933	47.5	812	42.7	394	45.2
Upper Middle Income	451	24.1	431	21.9	431	22.7	166	19.1
Other	0	0.0	0	0.0	2	0.1	5	0.6
Total	1875	100.0	1964	100.0	1900	100.0	871	100.0

Source: PUM database, *preliminary

Figure A1: Number of Projects per mln inhabitants by country in Africa

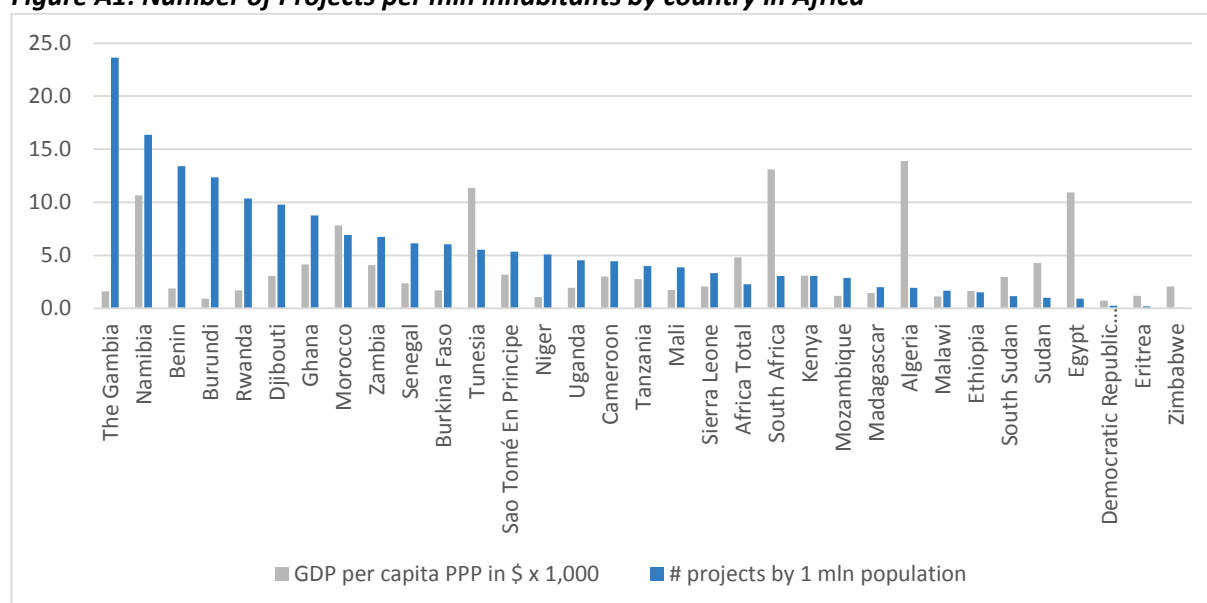


Figure A2: # Projects per mln inhabitants by country in Asia

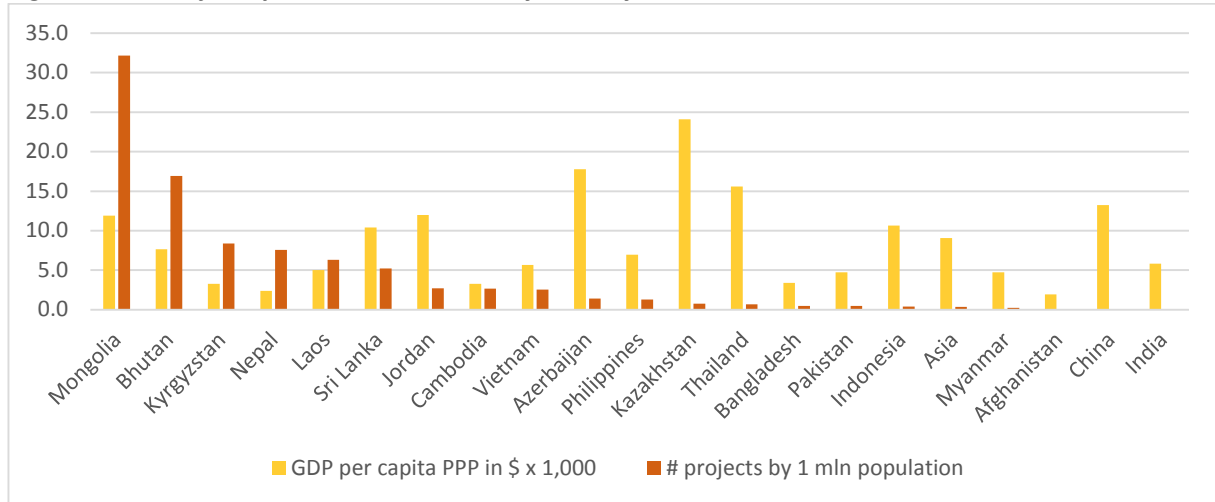


Figure A3: # Projects per mln inhabitants by country in Europe

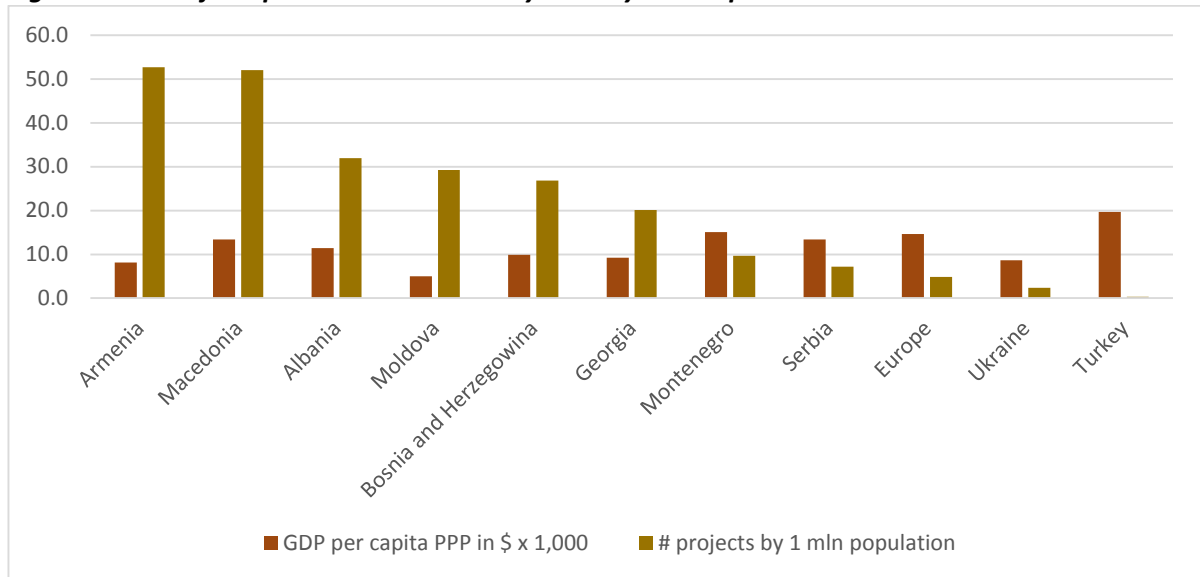


Figure A4: # Projects per mln inhabitants by country in Latin America

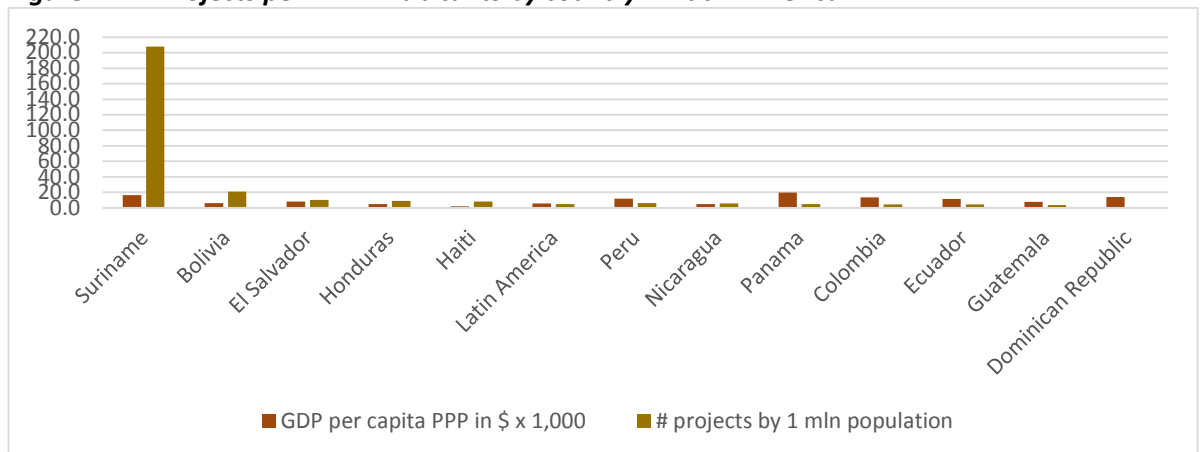


Table A3: Missions by type, 2012 to 2015 (June)

	2012	2013	2014	2015*	Total
Firms	1,543	1,595	1,599	702	5,439
..SME	1,540	1,593	1,594	699	5,426
..big company	1	1	0	2	4
..transformation company	2	1	5	1	9
BSO	320	349	285	146	1100
..sector organisation	30	42	36	18	126
..chamber of commerce	16	18	16	9	59
..employers organisation	1	5	3	0	9
..healthcare organisation	7	7	4	0	18
..infrastructural organisation	30	19	16	7	72
..institution of vocational education	163	178	120	60	521
..research and/or development organisation	52	52	36	22	162
..other	21	28	51	25	125
..unknown	0	0	3	5	8
Government	6	8	7	5	26
Other	6	12	9	11	38
Unknown	0	0	0	7	7
Total	1,875	1,964	1,900	871	6,610

Source: PUM database, *preliminary

Table A4: Missions to firms by cluster, 2012-2015 (June)

	2012	2013	2014	2015*
Agriculture & Horticulture	154	170	153	79
Building & Construction Trade	58	65	78	28
Business Support & Management	162	180	161	67
Chemical & Synthetic Materials	90	93	80	37
Civil Service & Government	3	1	1	0
Electrotech. Industry & Engineering	26	23	26	9
Energy & Water & Environment	67	54	59	28
Financial Institutes	23	26	24	10
Food & Beverages Production	189	221	198	102
Healthcare	53	61	55	18
Metal Industry	120	85	73	36
Paper & Cardboard & Packaging	15	4	13	3
Publishing & Printing	49	38	41	13
Stockbreeding & Fisheries	163	183	194	87
Textile & Leather	49	46	72	28
Tourism & Hotels & Catering	162	190	233	94
Trade	43	34	35	23
Training & Education	41	39	27	10
Transport & Logistics	22	23	23	10
Wood Trade & Processing	54	59	53	20
Total	1,543	1,595	1,599	702

Source: PUM database, *preliminary

Table A5: Missions to firms by goal, 2012-2015 (June)

	2012	2013	2014	2015*	Total
Technical	952	1,022	948	455	3377
Education and Training	339	358	397	180	1274
Export	63	45	58	21	187
Financial / business plan	180	180	213	80	653
General management	588	585	619	290	2082
Marketing	353	343	386	168	1250
Seminar	16	16	17	11	60
Total	1,543	1,595	1,599	702	5,439

Source: PUM database, *preliminary

Table A6: Missions to firms by firm size (number of employees) 2012- June 2015

	2012		2013		2014		2015*	
	abs.	%	abs.	%	abs.	%	abs.	%
<25	686	44.5	701	43.9	734	45.9	326	46.4
25-100	610	39.5	671	42.1	643	40.2	260	37.0
100-500	230	14.9	212	13.3	203	12.7	107	15.2
500+	9	0.6	7	0.4	15	0.9	7	1.0
Unknown	8	0.5	4	0.3	4	0.3	2	0.3
Total	1,543	100.0	1,595	100.0	1,599	100.0	702	100.0

Source: PUM database, *preliminary

Table A7: New versus follow-up missions, 2012-2015 (June)

	2012		2013		2014		2015*	
	abs	%	abs	%	abs	%	abs	%
New	1,288	68.7	1,329	67.7	1,415	74.5	669	76.8
follow-up	587	31.3	635	32.3	485	25.5	202	23.2
..1st follow-up	317	16.9	362	18.4	261	13.7	101	11.6
..2nd follow-up	105	5.6	119	6.1	92	4.8	22	2.5
..3rd or later follow-up	165	8.8	154	7.8	132	6.9	79	9.1
Total	1,875	100	1,964	100	1,900	100	871	100

Source: PUM database, *preliminary

Annex 2: Evaluation Methodology

Annex 2.1 Purpose of the Evaluation

According to the ToR⁴⁸ the purpose of the evaluation is to assess the:

1. (continuous) relevance of the PUM programme, including the poverty focus as well as the relevance for the aid and trade agenda;
2. improvement of the monitoring and evaluation function of PUM;
3. adequacy of available management information for monitoring and evaluation purposes, in order to ensure the relevance, efficiency and effectiveness of the programme;
4. effectiveness of the PUM-programme during the period 2012-2015; and
5. efficiency of the management and programme itself.

In line with this purpose the research questions formulated in the ToR focus on both the management and the processes/procedures of the programme, including the established monitoring and evaluation system in PUM (PRIME and PUM's in-house monitoring activities), as well as on the effectiveness of the activities that support the SMEs in PUM's target countries. In addition, the ToR formulate a number (4) of what it calls forward looking questions.

The ToR present the Theory of Change, which explains the logic behind the PUM-programme⁴⁹. This Theory of Change forms the basis of the results chain of the programme as reflected in Figure 8 below. For the inputs, activities and outputs this figure makes a distinction between the programme as a whole and the interventions of the programme. It summarizes the logical sequence from inputs, activities and outputs of respectively the PUM organisation and of the missions of the PUM experts to support/advice SMEs and BSOs, etc. to immediate, intermediate and ultimate outcomes and long-term results of the programme.

At the programme level (PUM head quarter) PUM has access to funding allowing it to manage and run its programme. In addition the main inputs comprise activities of its own regular staff and time made available by voluntary experts from the Netherlands. PUM has established a pool of senior experts covering a wide range of expertise. On the basis of the requests from SMEs in developing countries PUM selects the experts who visit and advise these SMEs on a large variety of issues related to (running) their businesses. As a result it is expected that the performance of these SMEs improves, their numbers of employees increase and as such contribute to employment and economic growth in the targeted countries. To realise similar targets PUM also aims at establishment of business links between SMEs in developing countries on the one hand and businesses in the Netherlands and other countries in Europe on the other hand. Similarly on request PUM (experts) supports local Business Support Organisations (BSOs) in the target countries.

⁴⁸ See "Evaluation Foundation Netherlands Senior Experts (PUM) 2012-2015", 28 August 2015

⁴⁹ See Annex attached to the Terms of Reference of this evaluation study: "Evaluation Foundation Netherlands Senior Experts (PUM) 2012-2015", 28 August 2015

Annex 2, Figure 1: Results chain of the PUM programme



Annex 2.2 Evaluation matrix

The evaluation matrix presented in the inception report specifies the criteria and sources of information related to the research questions as given in the ToR. At the programme level the evaluation will provide a reconstruction of the PUM programme and its organisation and processes. This reconstruction will focus on the 2012-2015 period (see among others: “Beleidsplan PUM 2012-

2015”, July 2011), but if relevant will also take into account the programme prior to this period. The ToR specify in detail the research questions for the evaluation. The reconstruction will also take into account the role and reactions of the stakeholders of the PUM-programme. Among them are:

- Ministry of Foreign Affairs
- PUM management;
- Royal Netherlands Embassies; and
- VNO/NCW (Dutch employers’ organization).

Given its purpose referred to above the evaluation will make an independent assessment, taking into account PUM’s processes/procedures and the extent to which these processes/procedures have contributed to the effectiveness/impact of the programme applying the evaluation criteria as specified in the ToR.⁵⁰

Sources of information

In the evaluation matrix, we refer to the following “sources of information”:

1. **Documents PUM:** internal and external policy documents, including annual reports, policy plans, documents on processes, procedures, criteria and M&E, information on the PUM website, contracts with DDE, etc.
2. **Data PUM/PRIME:** all quantitative data available via the databases of PUM and PRIME. More specifically we refer to:
 - a. **PRIME Survey beneficiaries**, in particular to specific questions in the survey; if specific questions are not included in the survey they can be added (indicated as *added question*).
 - b. **PRIME Survey experts**, in particular to specific questions in the survey; if specific questions are not included in the survey they can be added (indicated as *added question*).
 - c. **PUM Portfolio**, in particular specific information on beneficiaries, experts, missions and other activities.
 - d. **PUM Survey business links**, among Dutch firms that participated in business links; to be carried out by PUM in early 2016.
3. **Documents PRIME:** policy briefs, newsletters, information on the PRIME website, (draft) reports/papers.
4. **Case studies PRIME:** interview reports, (preliminary) analysis of results by PRIME
5. **Interviews PUM:** interviews with the staff of PUM, e.g. Alex Meerkerk, Thijs van Praag and staff responsible for HR allocation
6. **Interviews PRIME:** interviews with the staff of PRIME, e.g. Giel Ton and Karen Maas.
7. **Other interviews NL:** interviews with other stakeholders in the Netherlands, such as
 - a. The Ministry of Foreign Affairs (DGIS-DDE and DGIS-DSO)
 - b. The Ministry of Economic Affairs
 - c. VNO-NCW
 - d. Dutch NGO’s
 - e. FMO
8. **Interviews beneficiaries:** semi-structured interviews with different types of beneficiaries from different sectors in selected countries:
 - a. SMEs

⁵⁰ See section 3.2 (ToR) and the OECD/DAC Criteria for Evaluating Development Assistance.

- b. BSOs
 - c. Special programmes, such as VEHICLE
- 9. Other interviews abroad:** semi-structured interviews with other stakeholders in selected countries:
- a. Royal Netherlands Embassies
 - b. Actors involved in sector-specific programmes, e.g VEHICLE
- 10. Survey and interviews local representatives:** semi-structured interviews with local representatives in the selected countries
- 11. Focus groups** (or interviews) with volunteers of PUM, more specifically with
- a. Sector Coordinators
 - b. Country Coordinators
 - c. PUM Experts
- 12. Interviews country coordinators:** semi-structured interviews with the country coordinators of the selected countries
- 13. Interviews PUM Experts:** semi-structured interviews with PUM experts with experience in the selected countries

Different types of EQs

The aim of the present evaluation is to assess the relevance, additionality, effectiveness and efficiency of the PUM programme between 2012 and 2015 and to review how PUM could improve these performance indicators. The evaluation questions (EQs; as formulated in the ToR) suggest various strategies for improvement that have to be explored. Whereas some EQs clearly relate to the programme as a whole, other EQs refer to “individual projects” or “individual interventions”. These include the various “modalities” of PUM: the missions to SMEs and BSOs, business links and sector-specific programmes (which consist of various trainings and missions to both SMEs and BSOs). Some EQs refer explicitly to these specific types of projects or interventions.

The EQs for the present evaluation are grouped into four categories:

1. EQs about the relevance and additionality of the programme
2. EQs about the effectiveness of the programme
3. EQs about the efficiency of the programme
4. So-called “forward looking questions”

For the first three groups of EQs, the evaluation matrix presents definitions of the evaluation criteria (relevance, additionality, effectiveness and efficiency) that can be applied to PUM, and formulates specific questions (judgement criteria) that help us to assess the performance of PUM on these aspects. Furthermore it defines, for each EQ, a number of indicators that allow us to make an independent and evidence-based assessment. In the most right column of the matrix we specify the sources that provide the information needed for composing the required indicators, answering the questions under “judgement criteria” and answering the EQ. For the “forward looking questions” it is not possible to define judgement criteria and indicators, but the matrix does specify the sources of information, which includes indicators of other EQs.

Annex 2.3 Operationalization of evaluation questions

Relevance and additionality

Relevance is defined as “contributing to Ministry’s policy objectives, solving gaps in knowledge and skills in SMEs in developing countries and thereby contributing to the creation of jobs, especially for poor and vulnerable groups” (ToR).

This definition refers to the objectives of the Dutch Ministry of Foreign Affairs as specified in its policy letters⁵¹. These objectives are the eradication of extreme poverty, sustainable and inclusive growth across the globe and success for Dutch firms. This implies that the relevance of PUM should also be considered in relation to the Dutch “aid and trade” agenda, as it combines the provision of aid to SMEs in developing countries with the promotion of trade between these SMEs and Dutch companies, notably through business links. The ToR definition of relevance does not refer to the promotion of trade explicitly, but we suggest including it in the definition also in view of several EQs in this direction (e.g. under forward looking questions).

The phrase “solving gaps in knowledge and skills in SMEs in developing countries” pertains to the intended outputs and outcomes of the programme, while “the creation of jobs” represents one of the main longer term results. Clearly the concept of relevance should be seen in relation to the programme’s theory of change (the logic behind the programme) and the “results chain” we developed to assess the performance of PUM. In our view the “creation of jobs” is a long-term result. On the basis PRIME data a first estimate of direct employment growth following PUM missions will be made. PRIME will be able to do more precise estimates of employment effects when information about multiple cohorts become available. The quantitative results will be triangulated and complemented with qualitative information during the field visits. There is more information available about the intermediate effects of PUM, such as the change in knowledge and skills in the supported SMEs and whether these changes have indeed resulted in a better performance of the supported SMEs. The first rounds of questionnaires executed by PRIME provide information about these direct results.

The last part of the definition emphasizes the Ministry’s focus on “poor and vulnerable groups”. On the one hand it implies that PUM is expected to support SMEs and economic growth in the least developed and most fragile countries. On the other hand it also suggests that the programme should bring benefits to the lowest income groups within these countries. This second interpretation is in line with the Ministry’s objective to promote *inclusive* growth. In addition to inclusiveness we suggest paying attention to the contribution of PUM to *sustainable* growth, which implies also care for the environment. Both inclusiveness and sustainability are addressed in PUM by stimulating SMEs to adopt principles of corporate social responsibility (CSR). In addition to the information collected by PRIME the case studies should shed light on the role of PUM in addressing these CSR issues.

“Additionality refers to outputs that would not have been achieved in the market without the programme” (ToR). The ToR-document specifically mention the possibility that activities of PUM compete with (local) private consultancies, but there are more conditions for determining if a project can be qualified as additional or not. For the present evaluation we suggest using the “DCED model” to assess additionality, e.g. by checking if PUM applies the criteria listed in this model⁵².

⁵¹ See for example the Policy letter ‘Ondernemen voor ontwikkeling: investeren in duurzame en inclusieve groei’ 30-09-2013

⁵² “Demonstrating additionality in private sector development initiatives” (DCED, 2014)

Relevance and additionality will be assessed ex-ante and ex-post. In the ex-ante part of the analysis we focus on the procedures and criteria applied during the appraisal stage of the various projects (e.g. missions and sector-specific programmes). The evaluation will analyse the selection process of countries and sectors, the distribution of activities among selected countries and sectors and the determinants for approval or rejection of proposals. For the ex-post part of the analysis we assess to what extent the activities were actually relevant and additional and we look at the M&E systems used to evaluate the results of the programme and its actual contribution to the Ministry's objectives, taking into consideration possible changes in policy objectives between 2012 and 2015 and how these changes affected PUM. Here as well information gathered during the field missions will be used to conclude about ex post relevance and additionality.

In total there are 7 EQs on relevance and additionality. It is important to understand the relations between the EQs. In fact, we observe three types of EQs under this heading, which helped us with identifying the type of indicators needed and the required sources of information.

1. EQs about the **procedures and criteria** used to assess the relevance and additionality (EQ1, EQ2 and EQ5).
2. EQs about the **quantity and quality of data and information** available to assess the relevance and additionality (EQ3 and EQ5)
3. EQs about the **relevance** and **additionality** of the programme (EQ4, EQ6 and EQ7)

Effectiveness

When applied to PUM, effectiveness measures “the extent to which an aid activity attains its direct objectives”. The ToR state that “PUM projects are effective as far as they contribute to increased capacity and performance of the companies that benefitted from the activities.”

The effectiveness of PUM will be assessed using the Theory of Change and the results chain introduced above. While the concept of relevance focuses on longer-term results of the programme (including its impact on job creation and sustainable and inclusive growth), effectiveness clearly concentrates on the (immediate, intermediate and ultimate) outcomes that can be attributed to PUM, including aid and trade (e.g. through business links). The phrase “increased capacity and performance of companies” refers to changes in the knowledge, practices and performance of SMEs. Effectiveness will be analysed at the level of the programme and also at the level of individual projects.

The aim of the present evaluation is not only to measure the programme's effectiveness, but also to analyse the underlying factors that explain effectiveness, such as:

- Sector-specific conditions
- Country-specific conditions (context)
- Beneficiary-specific conditions
- The acquisition, approval and M&E procedures and the role of the different players in these procedures (e.g. experts, country coordinators, sector coordinators, local representatives, entrepreneurs/directors)

Moreover, the current evaluation reviews how PUM tries to (or could try to) optimize these conditions, e.g. by selecting other sectors or countries (changing the sectoral or geographic spread), changing the portfolio of activities (individual interventions versus sector-specific programmes) and through the so-called “demand system”: the process of allocating an expert to a specific mission and monitoring the quality of experts.

The evaluation matrix includes 8 EQs on effectiveness. We distinguish two types of EQs with different types of indicators and different sources needed.

1. EQs about the **quality of monitoring** the effectiveness, including the quality of data available (EQ8, EQ10, EQ14).
2. EQs about the **effectiveness** of the programme and the **conditions** that influence effectiveness (EQ9⁵³, EQ11, EQ12, EQ13, EQ14, EQ15)

Efficiency

In general, efficiency is a measure that indicates “how economically resources/inputs (funds, expertise, time, etc.) are converted to results” (ToR). When applied to PUM, it is about using “the least costly resources possible in order to achieve the desired outcomes” (ToR).

In our view, efficiency has to be assessed by comparing the inputs of the programme with its *outputs*, not with its *outcomes* as the second citation from the ToR suggests. The question is essentially how economically funds and time of staff and volunteers are converted into missions, trainings, projects, business links, etc. The relation between inputs and outcomes is captured by the concept of cost-effectiveness.

In the present evaluation, efficiency will mainly be assessed on the level of the programme, as recommended by the ToR. Following the EQs for this evaluation criterion, however, we also look at conditions that explain efficiency such as the sectoral and geographic spread and the composition of the portfolio (sector-specific versus individual projects). This implies that efficiency will have to be measured at sub-programme levels such as sector, country and type of intervention.

As stated above, efficiency and cost-effectiveness can be expressed as a ratio between inputs and outputs or outcomes. However, we must be aware that such an indicator is never sufficient to fully answer EQs about efficiency and cost-effectiveness. In the evaluation we will use three methods to assess efficiency:

1. Comparing the efficiency and cost-effectiveness with other PSD programmes (benchmarks). To this end, we will use a study of Carnegie that compares overhead costs of various PSD programmes.
2. Measuring changes in efficiency and cost-effectiveness over time: has PUM been able to improve its efficiency, for example in comparison with the situation before 2012?
3. By reviewing if bureaucracy and (overhead) costs could have been avoided. A delay in the approval or implementation phase can be a signal of low efficiency only if such a delay could have been avoided without compromising the effectiveness and relevance of the intervention.

The evaluation includes 4 EQs on efficiency and cost-effectiveness that could be labelled as follows:

1. EQs about the **efficiency** of the programme (EQ16, EQ17)
2. One EQ about the **cost-effectiveness** of the programme (EQ18)
3. One EQ about the **quantity and quality of data and information** available to assess efficiency (EQ16)

⁵³ It could be argued that EQ9 contains an element of “quality of monitoring” and “effectiveness”. In the evaluation matrix, however, we focus on effectiveness, since the quality of monitoring is already addressed by EQ8.

4. One EQ about the **cost-effectiveness** of PRIME (EQ19)

Forward looking questions

In addition to the questions on relevance, additionality, effectiveness and efficiency, the present evaluation also aims to answer four forward-looking questions.

The first forward looking question (EQ20) is about the relevance of PUM. It is stated that PUM is primarily an “aid” instrument. It is expected that PUM is currently more relevant for the Ministry’s objectives to eradicate poverty and promote sustainable, inclusive growth than for the objective to promote trade and investment, and hence economic growth and development in The Netherlands. Assuming that this is indeed correct, the ToR formulate the following question: “Is there scope to strengthen the links between ‘aid and trade’ in the PUM program, while maintaining a development focus?”.

How to interpret this question? In our view the development focus refers to the Ministry’s objective to help the poorest and most vulnerable groups, which implies – as we stated above – that the programme should keep its focus on the least developed and fragile countries and should bring benefits to the lowest income groups in all countries it serves. So, what can be done to this end? In our view, there are three options to explore:

1. Changes in the sectoral spread. Possibly we can demonstrate that the sector is an important predictor of combining success in aid and trade (see EQ4 and EQ7).
2. Changes in the geographic spread without reducing the share of LDCs and fragile countries (see EQ4 and EQ7).
3. Changes in the selection criteria and procedures. Such changes could assist PUM with selecting beneficiaries, experts and other volunteers with a higher chance of combining success in aid and trade (see EQ1-3).

Other EQs provide input for answering this EQ. However, it also requires to discuss the feasibility of changes with relevant stakeholders such as the Ministry of Foreign Affairs, the Ministry of Economic Affairs, VNO-NCW, and last but not least the PUM staff and volunteers (experts, country coordinators, sector coordinators).

The second forward looking question (EQ21) asks if it is “possible to interest Dutch business more in contributing to PUM”. In our view the private sector may contribute in various ways:

1. **Financially**. By providing funds to PUM, for example as investment in trade with SMEs in developing countries.
2. Through **In-kind contributions**, e.g. by supplying expertise/man-hours.

The feasibility of such contributions will be discussed with the PUM staff and volunteers, but also with Dutch companies that participated in business links (PUM survey), the Ministry of Foreign Affairs, the Ministry of Economic Affairs and of course with VNO-NCW as representative of all employers in the Netherlands.

The third forward looking question (EQ22) is about cost-effectiveness. The question results from IOB’s conclusion that PSD programmes are “often implemented in isolation, while recipients often face a broader set of challenges”. The present evaluation will therefore answer the following question “Would a closer collaboration of PUM with other PSD programmes lead to a more cost-effective approach?”. This question clearly builds on the answer to EQ13 which reviews the possibilities to enhance effectiveness through such collaborations. EQ22 adds the elements of costs, for example of coordination between programmes. Through interviews with relevant stakeholders (see EQ20) we will gain insight in the cost-effectiveness of collaborative programmes in comparison with isolated programmes.

The fourth forward looking question (EQ23) follows up on all questions about the quantity and quality of information and data collected by PUM and PRIME (EQ3, EQ8 and EQ16): “Is it possible to make better use of information, generated by PUM, for helping to strengthen the business climate in countries where PUM is active?”. The underlying rationale is that if information can be used to this end, it would increase the relevance of PUM and possibly also the cost-effectiveness of PRIME. The term “business climate” can be linked to the country-specific conditions (context) that have been identified as possible predictors of effectiveness. So, the question is if the M&E system of PUM provides relevant insight in the role of such contextual factors in explaining the success of interventions and if this insight would help developing countries to improve their business climate. To answer this question, we will first have to review the quality of information and data collected, then have interviews with PUM and PRIME, and finally have interviews/focus groups with volunteers (experts, sector coordinators, country coordinators) and beneficiaries (notably BSOs) and other stakeholders abroad.

Specific indicators

The evaluation matrix presents rather general and mostly qualitative indicators of efficiency, additionality, effectiveness and efficiency. This has been done for two reasons:

1. Part of the evaluation is to identify and assess indicators made available by the existing M&E of PUM.
2. A large part of the evaluation takes a more qualitative approach, using interviews and focus groups to collect in-depth information; qualitative indicators are more in line with this approach.

Annex 3: Persons Interviewed

Mr. Wisdom	Abodakpi	PUM Local representative Ghana
Mr. Solomon John	Alanade	PUM Local representative Ghana
Mr. Esteban	Álvarez	PUM Local Representative in Manizales
Mr. William	Amofe	PUM Local representative Ghana
Mr. Samuel Kwasi	Ansu	PUM Local representative Ghana
Mrs. Martha Lucía	Arévalo	Royal Netherlands Embassy, Economic Affairs & Development Cooperation
Mr. Shola	Arsyad	PUM Local representative Palembang
Mrs. Margaret	Asare	PUM Local representative Ghana
Mrs. Linda	Beukers	Holland House in Colombia
Mr. Hans	Beving	PUM Sector coordinator
Mr. Hans de	Boer	Chairman VNO-NCW/MKB
Mr. Arie de	Bondt	PUM Sector coordinator
Mr. Martin	Brouwer	PUM Country coordinator
Mr. Henk	Buddingh	PUM expert
Mr. Juan Alfonso	Contreras	PUM Local Representative in Bogotá
Mr. George	Coster	Country coordinator Indonesia (Java and Kalimantan)
Mr. Jan van den	Crommenacker	PUM Sector coordinator
Mr. Paul	Dielissen	PUM Sector coordinator
Mrs. René van der	Eeze	PUM Country coordinator
Mr. Ger van der	Eijk	PUM Sector coordinator
Mr. Pedro	Eijkelenboom	PUM Business Development Department
Mr.	Erwanto	PUM Local representative Lampung
Mr. Frans	Friedemann	PUM Country coordinator
Mr. Rens van	Gelder	PUM HR
Mr. Fred	Gobah-Tengey	PUM Local representative Ghana
Mr. Fred	Graalman	PUM Local Representative in Medellín
Mrs. Dezentje	Hamming	FME-CWM, Chairperson
Mr. Job	Harms	PRIME, Erasmus University Rotterdam
Mr. Huub	Heier	PUM expert
Mr. Leon	Huson	PUM Country Manager And Program Coordinator India
Mr. Agung	Irianto	PUM Local representative Jakarta/Bandung
Mr. Matthijs	Jansen	PUM Sector coordinator
Mr. Pieter	Jansen	PUM country coordinator
Mrs. Karin	Jensma	PUM Business Development
Mr. Joris	Jurriëns	Royal Netherlands Embassy, Embassy Councillar in Bogotá
Mr. Arend	Knol	PUM Sector coordinator
Mr. Arend	Koekkoek	PUM experts
Mr. Johan	Koeslag	PUM Staff volunteer
Mrs. Annelies	Kuijpers	PUM Sector coordinator
Mr. Paul	Kwose	PUM Local representative Ghana
Mrs. Ingrid van	Leeuwen	PUM project officer Indonesia
Mr. Kees	Lindenburg	PUM country coordinator for Colombia
Mr. Hans	Luursema	PUM CFO
Mrs. Karen	Maas	PRIME, Erasmus University Rotterdam

Mr. Roland	Martin	Ministry of Foreign Affairs, BEB
Mr. Alex	Meerkerk	PUM Head of Policy & Monitoring
Mr. Rob	Munter	PUM expert
Mr. Arend Jan	Nel	PUM Sector coordinator
Mr. Cees	Nieuwenhuizen	PUM Business link coordinator
Mr. Maarten van	Noort	PUM Country coordinator
Mr. Haki	Pamuk	PRIME LEI Wageningen University & Research
Mr. Danny	Perenkuan	PUM (former) Local representative Papua
Mrs. Maribel Monge	Pérez	PUM Assistant of Country Coordinator for Colombia
Mr. Leander	Petit	PUM Country coordinator
Mr. Thijs van	Praag	PUM Director
Mr. Arie	Pronk	PUM Country coordinator
Mr. Peter	Richtering	Ministry of Foreign Affairs, DDE
Mr. Henk	Riemens	PUM expert
Mrs. Fedes van	Rijn	PRIME, LEI Wageningen University & Research
Mr. Job	Runhaar	Ministry of Foreign Affairs, DDE
Mr. John	Schellen	PUM Country coordinator
Mr. John W.	Serbrock	PUM Country coordinator East Indonesia
Mr. Cor	Simans	PUM Expert
Mr. Harry	Simorangkir	PUM Local representative Manado
Mr. Jan	Sluis	PUM Country coordinator
Mr. René	Sluis	PUM Country coordinator
Mr. Louis	Smit	PUM Sector coordinator
Mr. Rolf	Soedjak	PUM Country coordinator Sumatra
Mr. Aulia	Sulaiman	PUM Local representative Pekanbaru
Mr. Harry	Surminski	PUM, Business link / sector coordinator
Mr.	Tarsini	PUM Local representative Surabaya
Mr. Fred	Tassi	PUM Sector coordinator
Mr. Bouwe	Taverne	PUM Manager CSR
Mr. Stevy	Thioritz	PUM Local representative Makassar
Mr. Max	Timmerman	RVO/CBI
Mr. Giel	Ton	PRIME, LEI Wageningen University & Research
Mr. Adriana	Uribe	PUM Local Representative in Barranquilla
Mr. Johan	Veul	Ministry of Foreign Affairs, DDE
Mr. Eric	Visser	PUM expert
Mr. Yuyun	Yunastuti	PUM Local representative Yogyakarta
Mr. Rob	Zaadnoordijk	PUM Country coordinator
Mr. Rinus van der	Zedde	PUM expert
Mrs. Tess van der	Zee	Royal Netherlands Embassy Indonesia, Deputy Head & First Secretary Economic Section